FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Begin survives Knesset vote

Israeli Premier Menahem Begin's Government defeated by 59 to 58 a no-confidence vote in the Knesset on its handling of the economy. There were three abstentions.

However, the Government has lost its parliamentary majority and is unlikely to be able to continue for very long. Page 4

N—talks resume

U.S. and Soviet negotiators today start a second round of talks in Geneva on curbing medium-range nuclear missiles in Europe.

Firemen's dispute

Fire Brigades' Union delegates voted for a 17-point industrial action plan over a dispute with the non-TUC affiliated National Association of Fire Officers. Page 10

SDP two rebel

Two SDP MPs, John Grant and Dickson Mabon, voted against the Employment Bill last night. The party line was to abstain. The Bill was given a third reading. Parliament, Page 11

Air crash: 8 dead

Six Munich food chain executives were killed when a light aircraft crashed near Kassel. The pilot and co-pilot also died.

Jail for Sophia

Actress Sophia Loren returned to Italy to serve a one-month prison sentence for a 1963 income tax offence.

Zimbabwe deaths

A gunman was killed and a farmer wounded when armed men attacked two white-owned farms on the edge of Wankie National Park, Zimbabwe.

Elwyn Jones dies

Elwyn Jones, former head of BBC television drama series and creator of Z-Cars died aged 59 in South Wales.

Ex-newsman dies

Former BBC newsreader Corbett Woodall died in his sleep at his London home. Mr Woodall, 53, suffered from rheumatoid arthritis.

'Punish clubs'

Football clubs with violent fans should be put out of business by making it too expensive to afford a police presence at games, Police Federation chairman Jim Jardine said.

Kidney lasers

Lasers may be used to remove kidney stones for the first time after a breakthrough by specialists. Page 9

Officials increase

The number of Department of Employment officials increased by 20 per cent in the past financial year, mainly because of increased demand for unemployment and other benefits. Page 9

Naked protest

About 200 men and women paraded naked through Hanover to protest against an exhibition of electronic weaponry. "It made a pleasant change," said a police official.

Briefly . . .

BBC reporter Jonathan Crane was named industrial journalist of the year in the Blue Circle awards.

Three paintings by Sir Winston Churchill fetched nearly £17,000 at Sotheby's. Page 19

Second edition of Holinshed's Chronicles, from which Shakespeare took plots, fetched £10,800 at Christie's. Page 19

Historic Monnow Bridge gateway arch, Monmouth, was badly damaged by a bus.

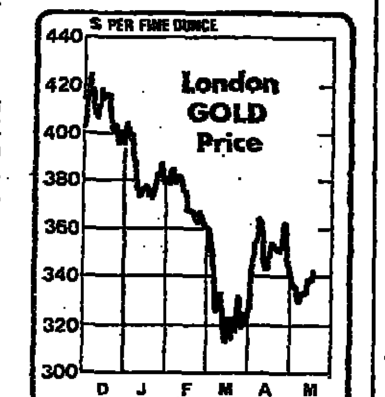
BUSINESS

Gold up $5.25 in London $ rises

● STERLING fell 1.75 cents on the day to close at $1.7965 in London. It dropped to DM 4.17 (DM 4.2), SwFr 3.555 (SwFr 3.5725) and FFr 10.87/ (FFr 10.905). Its trade-weighted index was 89.6 (90). Page 40

● DOLLAR rose to DM 2.3205 (DM 2.315), SwFr 1.978 (SwFr 1.986), FFr 6.055 (FFr 6.0125) and Y239.1 (Y236.9). Its trade-weighted index was 113.4 (113.2). Page 40

● GOLD rose $5.25 in London to $342.5. In New York the



Comex May close was $341.2 ($340.8). Page 37

● EQUITIES: the FT 30-share index was 10.5 down at 561.9 for a three-day drop of 28.7. The FT-Actuaries All-Share index slipped to 326.81, compared with its May 10 peak of 338.53. Page 39

● GILTS: the Government Securities Index fell 0.55 to 68.52. Page 39

● WALL STREET was 1.62 down at 839.23 near the close. Page 38

● AVERAGE EARNINGS increase in the year to March was 11 per cent, compared with 11.4 per cent in the year to February. Page 8

● ENVIRONMENT Department's staff fell 22.7 per cent in the two years to April 1 and a further 6 per cent decrease is planned for 1982-83. Page 9

● ICI may be forced to shut down some of its chlorine making capacity because of electricity costs. Page 8

● CUT-PRICE cars imported from the Republic of Ireland are threatening to devastate Northern Ireland's motor trade. Back Page

● HYSTER, the U.S. forklift truck maker, is to build an I£65m (£53m) automated materials handling plant near Dublin. Back Page

● NEW YORK'S Metropolitan Transit Authority awarded the second, larger stage of a $1.4bn underground rail carriages order to Bombardier of Canada. Back Page

● HAMILTON BROTHERS, the U.S.-based group found more natural gas in the North Sea's Bruce Field. Page 8

● BAHRAIN and Middle East Bank is the mystery buyer of an 11 per cent stake in Grindlays Holdings, which is 41 per cent owned by Lloyds Bank and owns 51 per cent of Grindlays Bank. Back Page

● NLT CORPORATION, a Nashville-based insurance holding company, is fighting off a $1bn takeover bid by American General Corporation with a $620m cash tender offer for 11.2m American General shares, which would give it voting control.

● ROYAL DUTCH/SHELL reported a significant underlying improvement in its financial performance with first-quarter results indicating a revival in oil product sales. Results, Page 22; Lex, Back Page

● LONDON AND NORTHERN, the construction group, reported taxable profits of £8.63m (£8.76m) for 1981. Page 22

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Assod Newspapers	215	+ 7
Camrex	59	+ 4
Daily Mail A	428	+ 8
Greenfields Leisure	35	+ 4
Hepworth (J.)	110	+ 4
Johnson Grp Clnrs	242	+ 9
Millets Leisure	114	+ 11
Hartebeest	£23½	+ 1
Impala Plat	245	+ 15
Kinross	368	+ 41
Pengkalen	305	+ 15
RTZ	440	+ 10
FALLS		
Treas 3pc 1986	£76½	— ½
Exchqr 12½pc 1999	£91½	— ½
Blue Circle	464	— 16
Boots	226	— 8
Chemring	350	— 15
Glaxo	656	— 14
GUS A	480	— 10
Grindlays	316	— 12
Hambro Life	287	— 10
Imperial Group	93	— 3
Lloyds Bank	388	— 7
Pearl Assurance	362	— 10
Redland	168	— 6
Rothmans Intnl	91	— 3½
Royal Insurance	325	— 12
Sun Alliance	762	— 18
Unilever	585	— 11
Hamilton Oil	105	— 4
Moran Tea	292	— 6

France queries Britain's future in EEC

BY OUR FOREIGN AND POLITICAL STAFF

FRANCE heightened tension in the European Community yesterday with a warning that Britain's actions could call into question the UK's future role in the EEC, and even continued membership.

In a statement issued after the decision of seven member States to override the UK attempt to block this year's increase in farm prices, President Francois Mitterrand said the question now was "what role Britain saw herself playing" in the EEC.

Britain's "presence, or the nature of the British presence, in the Community" depended on the answer to that question, M Mitterrand said.

In London the Government and Whitehall appeared to be trying to avoid the farm prices rebuff blowing up into a major crisis while the UK sought EEC help on other vital issues.

These include support over the conflict with Argentina as well as efforts to reduce Britain's contributions to the

It is believed to be the first time since Britain's admission to the EEC that a French President has in such forceful language called into question Britain's continuing mebership.

M Mitterrand's intention appears to have been to exert pressure on the Government, due to consider its next step at a Cabinet meeting today, against taking any precipitate action such as withholding EEC budget contributions.

Though it is not spelt out, the French President's statement holds out the threat of retaliation, while raising again the possibility of a two-tier EEC with Britain on the lower rung.

M Mitterrand emphasised that France would not renounce the "Luxembourg compromise" by which Community decisions are taken on a unanimous ministerial vote, when it was "truly a question of a vital interest."

The refusal of seven EEC Ministers to recognise Britain's claim to the right to apply this convention to the farm price vote precipitated the present crisis.

M Mitterrand's strong words, issued from Algiers at the start of a tour of Africa, were backed by M Pierre Mauroy, French Prime Minister.

He told the National Assembly that Mrs Margaret Thatcher had found in M Mitterrand someone "as inflexible" as herself.

M Mauroy said the President had told Mrs Thatcher in London on Monday that he would not have signed the May 1980 EEC budget agreement with Britain which was agreed by former President Giscard d'Estaing.

"France would, therefore, not sign the same type of agreement in 1982," he said.

Reactions, Page 3
Britain to seek permanent legal Community veto, Page 11
How Britain was outflanked, Page 20
Go-ahead for UK farm price rises, Page 37

The Government, still stunned by its defeat at the Farm Ministers' meeting, signalled that it was pinning its hopes of avoiding a major crisis on a meeting of EEC Foreign Ministers planned for next Monday.

Mr Peter Walker, the Agriculture Minister, told the Commons yesterday that Britain would press at that meeting to revise and strengthen the Luxembourg compromise.

Britain considered the compromise vital, he said and would press to have it enshrined in Community law in a manner which was binding.

The constitutional issues raised by the farm prices vote will be tackled "vigorously and speedily" at the Foreign Ministers' meeting, the Foreign Office made clear yesterday.

However, the feeling in Whitehall was that all efforts should be made to limit the damage which Ministers fear could come from any over-robust reaction to the double rebuff Britain received this week, the limited and partial

Continued on Back Page

Mitterrand exerts pressure

Fear of deadlock at UN talks

BY PAUL BETTS IN NEW YORK AND PETER RIDDELL IN LONDON

THE United Nations Security Council was meeting last night behind closed doors for urgent consultation on the Falkland crisis, amid signs that the 12-day peace efforts of Sr Javier Perez de Cuellar the UN Secretary General, were deadlocked.

A full Security Council meeting took place after Sir Anthony Parsons, Britain's chief delegate at the UN, yesterday afternoon gave the Secretary General the British Government's reaction to the latest settlement ideas put to Britain by Argentina, late on Tuesday night.

At Westminster the feeling grew that a major stepping up of British military action to retake the Falkland Islands was beginning to appear inevitable. The Prime Minister, Mrs Margaret Thatcher, in a radio interview said the outlook for more negotiation did not "look very encouraging" and the gap between the two sides seemed wide.

In Benous Aires diplomats argued that Argentina had tried to be conciliatory, in particular over the crucial questions of future administration and sovereignty over the Falklands. But they said that Britain had hardened its stance.

Mrs Thatcher is expected to outline the course of negotiations and the future direction of British policy when she opens the sixth Commons emergency debate on the crisis this afternoon.

Continued on Back Page
Falklands Crisis, Page 4

FALKLANDS WEATHER: Wind NW, increasing to Force 8 (35 knots); 15 ft waves. Cloudy, occasional rain. Temp low- to mid-40s F. OUTLOOK: Wind W, Force 6 (25 knots). Cloudy, intermittent rain.

'NO COMMENT' BY MINISTRY ON INVASION CLAIM

The Ministry of Defence had a bland no comment yesterday on suggestions from Argentina that Britain's naval task force might already have begun an invasion of the Falkland Islands.

Despite official suggestions at the weekend that the tempo of military activity could be expected to increase, following the attack on Pebble Island, one of the Falklands group, the Ministry has issued no operational information in the past three days.

It has even refused to confirm Tuesday's reports from journalists aboard the flag ship Hermes that reinforcement Harrier jump jets had joined the task force. Its sole communique yesterday announced that the Government would broadcast in Spanish to the Argentine garrison on the Falklands from a BBC transmitter on Ascension Island.

Sterling down sharply, equities fall

BY DAVID MARSH AND JOHN MOORE

STERLING LOST ground sharply yesterday and share prices dropped again in London as the financial markets underwent another attack of jitters over the Falklands confrontation.

The pound closed in London at $1.7965, down 1.75 cents from Tuesday and its lowest closing level for a fortnight.

In European currency markets nerves were strained by the increasing likelihood of a British invasion of the Falklands. Trading was very thin and erratic, however, with most centres due to close today for a holiday and many international foreign-exchange dealers travelling to London for the start today of the annual meeting of the International Forex Association.

The dollar made a general recovery on the currency markets as U.S. interest rates firmed. It closed in London at DM 2.3205 against DM 2.3150 on Tuesday.

Sterling dropped against continental currencies, finishing at DM 4.17 (DM 4.20) and SwFr 3.5550 (SwFr 3.5725). Its trade-weighted index computed by the Bank of England fell sharply to 89.6 from 90.0, and the Bank was thought to have intervened to steady the rate in the day.

Short-term interest rates in London remained firm. Money-market interest rates rose by ⅛ per centage point. The Bank of England took steps to counter fears of tighter credit by absorbing the money-market's shortage by lunchtime.

However, Falkland blues, worries about Britain's EEC row over farm prices, together with reaction to Tuesday's news of the interest-payment default in New York by Drysdale Government Securities, combined to depress the UK equity market.

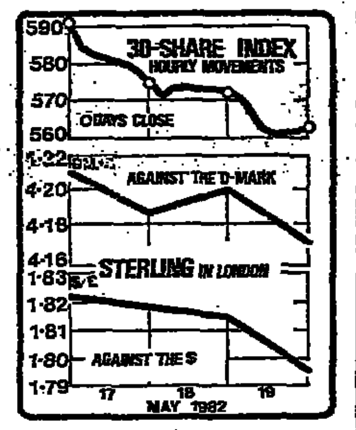
Leading shares showed sharp falls although prices closed above their lowest levels of the day.

The Financial Times Industrial ordinary index, the barometer of the share-price movements of 30 leading companies, dropped 10.5 points, to 561.9, after showing a fall of 12.1 points at lunchtime. The renewed stock market slide took the drop so far this week to 28.7 points.

In the stockmarket jobbers said there was not a buyer of shares in sight in the morning but investors later drifted back to capitalise on the day's sharper falls. Sizeable selling was reported by overseas investors.

The weakness in sterling and the continuing pressure on short-term interest rates led to selling in the gilt-edged market also by overseas investors. Falls ranged to £⅝ and the government securities index fell 0.55 points, to 68.52.

Money Markets, Page 40



£ in New York

—	May 18	Previous
Spot	$1.8085-8105	$1.8025-8050
1 month	0.26-0.31 pm	0.26-0.31 pm
3 months	0.66-0.71 pm	0.64-0.69 pm
12 months	1.95-2.05 pm	1.95-2.05 pm

U.S. parent poised to run Woolworth

BY RAY MAUGHAN

THE U.S. parent of F. W. Woolworth is poised to take direct management control of the ailing variety store chain for the first time since the British subsidiary emerged as a public company over 50 years ago.

The New York company, which shares with its UK offshoot the same name, operational style and recent lack of profitability, has appointed an executive vice-president as chairman and chief executive elect of its 52.6 per cent controlled subsidiary.

Mr John L. Sullivan, who has been responsible for the mainstream Woolworth and Woolco businesses in the U.S., was appointed to the UK Board as deputy chairman yesterday and is expected to succeed Mr Geoffrey Rodgers, the chairman and chief executive, on his retirement next March. Mr Rodgers, who is aged 60, would have been due for retireemnt two months ago in line with company policy but had agreed to remain in office for an additional year.

Mr Arnold S. Anderson, senior vice-president of the parent, has been appointed to the UK board, joining Mr Edward Gibbons, the U.S. chairman, and Mr John Lynn, vice-chairman, in Britain in a non-executive capacity.

The board changes follow the resignations last week of two executives from the UK board for what were described as personal reasons. Mr J. H. Bradwell, a director in charge of buying, and Mr J. Blair, who had responsibility for Woolworth's extensive property portfolio, departed within two weeks of their re-election at the annual meeting.

Mr Rodgers faced strong criticism from shareholders at that meeting over the dividend cut for 1981 and the decline in profitability.

Woolworth produced profits of £22.1m beforetax last year showing a sharp successive fall in profits of £36.5m and £56.4m for 1981 and 1980 respectively. In the first three months of the current year, losses from the 1,000 UK stores had deepened further to £2.35m. The first quarter, however, is always regarded as the "least significant" of the four.

The UK company has attempted to arrest the decline in earnings by upgrading its product range and, responding to trends in the British high street, moving into specialist areas such as Do-It-Yourself stores.

The parent, too, has been struggling. Its first-quarter losses deepened to $16m (£8.9m) after tax against a deficit of $2m in the comparable months of 1981 and its debt rating was lowered by Standard and Poor's, one of the main U.S. credit rating agencies, last December. Its shares, however, have been attracting strong speculative interest recently on bid rumours and the group, which takes in outlets in Mexico, Canada and "virtually every sizeable community in West Germany," fought off a $1.13bn tender offer from the Canadian company, Brascan, three years ago.

Mr Sullivan has been promoted through the ranks of Woolworth executive and is understood to have gained his experience in the group's general retail operations.

Lex, Back Page

Hospital services hit by strike

BY OUR LABOUR STAFF

HOSPITALS ACROSS the country reported widespread disruption of patient care services yesterday as thousands of National Health Service workers obeyed their unions' call for a national 24-hour stoppage.

However, there were starkly contrasting claims as to the level of support.

While the unions unanimously reported heavy backing, the Department of Health and Social Security said initial reports indicated a patchy response.

The action, co-ordinated by the TUC health services committee, was called by 10 health service unions in protest at the Government's 4 per cent to 6.4 per cent pay offer.

Unions representing nurses, ambulance personnel, canteen and laundry staff, porters, clerical workers and laboratory technicians, seek a 12 per cent rise for all NHS employees.

The TUC health services committee is to meet today to discuss the action. Further national two hour stoppages are to take place next Thursday, continuing on a weekly basis.

The committee may also discuss referring the dispute to the TUC General Council with the aim of seeking wider trade union backing.

Mr Arthur Scargill, president of the National Union of Mineworkers, has already pledged support.

Many hospitals were forced yesterday to reduce services to emergency and accident cases only. But in several areas no industrial action was reported.

The strike was most effective in major population centres in Scotland, the North of England, Wales and Northern Ireland. Southern and rural areas were less badly hit.

Peaceful picketing and demonstrations took place across the country.

The 235,000-strong Confederation of Health Service Employees claimed last night that nearly 90 per cent of its 900 branches had taken part in industrial action affecting services at more than 2,000 hospitals.

The National and Local Government Officers' Association, with 90,000 NHS members mainly in clerical grades, said many administrative offices had been reduced to skeleton staffs.

The National Union of Public Employees reported that over 75 per cent of its 300,000 NHS members had taken part in the action

Earnings increases lowest for four years, Page 8
Firemen give two week strike deadline, Page 10

CONTENTS

For latest Share Index phone 01-246 8026

Bruce Andrews reviews Swedish hopes of playing a key role as the centre of a European gas network

Strategic position for neighbours' gas reserves

SWEDEN COULD play a key role in the provision of Europe's future gas supplies, even though it has no natural gas resources of its own, according to Swedish officials. They foresee a gas network centred on Sweden to link gas supplies from offshore Norway and the Soviet Union to markets in Scandinavia and Central Europe.

An important part of Sweden's hopes rests on a current investigation of the feasibility of routing through Sweden gas from Norway's recent discoveries in Arctic waters: Tromso and Halten Bank. This is based on the assumption that between 15 and 25bn cubic metres of gas a year will be available from these discoveries in the 1990s. The Swedes acknowledge that reserves to support these quantities have yet to be established but feel that they are likely to be proved after further exploration.

"We must be ready to negotiate," stresses Mr Claes Lindgren, managing director of Swedegas, the state-owned gas company. Mr Lindgren points out that other options open to the Norwegians include shipment of liquefied natural gas (LNG) or an offshore pipeline to the North Sea Statfjord field and then to Europe either direct or, conceivably, via another pipeline to and through the UK and across the Channel.

The Swedish Government recently asked the state power board, Vattenfall, to investigate the idea of a trunk line linking these northern Norwegian discoveries through Sweden, to west Central Europe. Vattenfall is studying pipeline construction, allocating SKr 80m (£7.6m) from its own resources for the purpose, and Swedesgas is analysing the gas market for the whole of Sweden.

The project could be carried out in two phases.

First, north Norwegian gas to Sweden and via Sweden to Finland and Norway. It is known that enough reserves already exist to supply comparatively small quantities of gas and supplies might start from as early as 1990, building up to as much as 6bn cubic metres a year.

Second, north Norwegian gas via Sweden to western Central Europe. The development of a trunkline through Sweden to supply this market is foreseen in the early 1990s.

In the meantime, Sweden expects to import 440m cubic metres of gas a year from the Danish Oil and Natural Gas company (DONG) under an 18-year contract starting in 1985. Gas supplies from Danish offshore fields will be augmented by West Germany's Ruhrgas for the first five years.

An important aspect of this contract is that, in return for investing DKr 220m (£15.2m) in the Danish grid, Swedegas has the option to buy up to 2bn cu metres of Danish gas in total or to transport a further 2bn cu metres through the grid, in either direction. The difficulties experienced by Dong in its internal marketing do not appear to affect these arrangements: they may even result in more gas being made available to Sweden.

Danish gas will be distributed in southern Sweden by the regional utility, Sydgas, with Swedegas building a trunkline. Construction is due to start early next year. Total investment, excluding end-user installations, was estimated at SKr 1bn in 1981 and contracts are expected to be placed within six months.

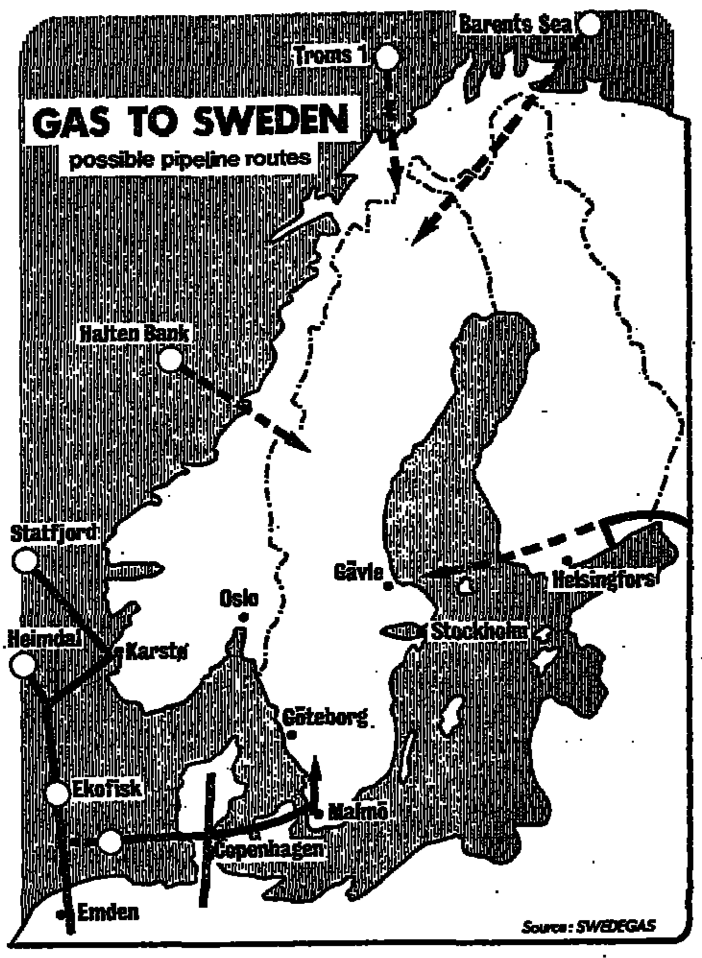
The Danish link opens the option of bringing gas to Sweden from Norwegian North Sea gas fields south of parallel 62, such as Sleipner and Troll. The Swedes observe that the Danish offshore line is only about 30 kilometres from the Statfjord/Ekofisk/Emden system and a link would be comparatively easy.

All this tends to overshadow the possibilities of Sweden using gas from the Soviet Union. Discussions with the Soviets and the Swedes over gas imports through Denmark have been taking place since the mid-1960s but have been inconclusive. Now the Finns are considering additional gas supplies from the Soviet Union, and a year ago the Soviets approached the Swedes with the offer to supply gas through Finland, by a trans-Baltic pipeline to Gavle and then to central and south Sweden, linking with the Sydgas system.

From the Soviet view, the transmission of gas to Sweden via Finland, unlike the plans to send gas to west central Europe, does not mean large investment in additional pipeline capacity. Capacity to Leningrad was recently increased and could be used for additional gas with an increase in compression facilities.

The Swedes prefer the Finnish route for Soviet gas. They are not interested in spoiling their other Danish options and they value the security of another route. They foresee imports of 1-2bn cubic metres a year of Soviet gas towards the end of the decade and are watching to see how the Soviet-Finnish investigations turn out.

So Sweden looks north, west and east for gas. There is also great interest in Soviet plans to drill for gas in the Barents Sea.



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Yugoslavia moves to end delays in repaying creditors

BY DAVID BUCHAN

YUGOSLAVIA HAS passed a foreign exchange law designed to end recent damaging delays by some of its regional banks in payments to overseas creditors. The law, which runs until the end of this year, marks an important political concession by Slovenia which had earlier obpected to sharing its relatively higher foreign currency earnings with other republics in the Yugoslav federation.

Yugoslavia has now brought itself up to date with repayments of $1.1bn on foreign long and medium term loans and of $459m on short term credits so far this year, according to Mr Veselin Djuranovic, who, under the country's rotating leadership system, was replaced last weekend by Mrs Milka Planinc as Prime Minister.

Payment delays this spring had compounded Yugoslavia's inability to raise new international loans in the climate of Western banking scepticism about East European markets. Despite recent successes in obtaining some bilateral loans from Kuwait and West German banks, Yugoslavia still wants to make another approach to Western credit markets, maybe before tourism gives the country's currency earnings its customary boost in the second half of the year. But the timing of this will depend on the temper of the credit markets and on how fast the new Planinc administration settles in.

The law, passed last week by the federal assembly but only published in full this week, seeks to increase the availability of foreign exchange inside the country. It requires companies to repatriate to Yugoslavia their export earnings within 60 days, instead of 90 days. This should bring back into the country roughly one-third of the $870m which the Belgrade authorities estimate is being held abroad.

One Yugoslav banker in London acknowledged yesterday that by demanding speedier payment for its goods, Yugoslavia might make them less attractive to foreigners. But, he commented, the country would simply have to make its exports more competitive on aspects other than credit.

The second main provision of the new law requires companies to sell 15.9 per cent of hard currency export earnings to the national bank, which would funnel them onto the domestic foreign exchange market. The aim is to prevent partially the hoarding of hard currency, which had virtually dried up the foreign exchange market and forced some regionally-based banks in Croatia, Montenegro and Kosovo to run short of the means to repay foreign debts.

The new slice of foreign exchange to be compulsorily sold to the national bank is below the country's overall debt service ratio, which runs around 20 per cent of total hard currency earnings. But it comes on top of a previous requirement whereby 10 per cent of foreign currency is paid into the national bank to meet the nation's oil import bill.

The new law seems to have been deliberately limited in time and scope to win the acquiescence of Slovenia, the richest and most export-orientated part of the country, which has been promised it can buy back from the national bank all the necessary currency to finance vital imports.

Solidarity hunger strike enters second week

BY CHRISTOPHER BOBINSKI IN WARSAW

A GROUP of senior Solidarity union officials interned at Bialoleka prison in Warsaw are still on hunger strike according to one of them, Mr Jan Rulewski, the union leader from Bydgoszcz.

Looking pale and rather thinner than at a previous appearance, Mr Rulewski said, at a court hearing in Nowy Dwor Mazowiecki, 20 miles north of Warsaw that he had taken no food since May 12.

The court adjourned the hearing after a doctor testified that Mr Rulewski was in no state to give evidence. Mr Rulewski is charged with manslaughter following the death of a pedestrian in a traffic accident. The case has already been adjourned twice and it is widely assumed that, on the basis of the evidence, he should be acquitted.

Mr Rulewski told the court: "The determined opposition of the people is continuing and I will continue with my hunger strike."

The action is directed against the imposition of martial law and in support of a demand that *the authorities start talks with* Solidarity.

He said in court that 14 people were continuing the protest which would suggest that two of the group have dropped out.

The group includes some of the more radical of Solidarity's leadership, like Mr Andrzej Gwiazda, Mr Lech Walesa's deputy from Gdansk, and Mr Lech Dymarski from Poznan. Mr Jacek Kuron and Mr Koral Modzelewski, two influential figures in the movement, are also taking part.

While answering questions on his health, Mr Rulewski slipped in a statement that he was in favour of the Roman Catholic Church's proposals for talks with the authorities. "I support the appeal of the Polish bishops," he said.

● Two Polish miners have each been jailed for three years by a military tribunal in Katowice, Poland's coal and steel capital in the south according to AP. The official news agency PAP said. The men, who work at the May Day colliery at Wodzisla Slaski, were found guilty of "dodging work in a militarised establishment by illegally crossing into Czechoslovakia with the intention of reaching Austria." The two were tried under the summary law procedure.

Danish PM presents tax and farm aid package

BY HILARY BARNES IN COPENHAGEN

DENMARK'S Prime Minister, Mr Anker Joergensen, yesterday presented the Folketing (Parliament) with a package of indirect tax measures, aid for agriculture and a job creation scheme aimed especially at the under-25s.

Mr Anker Joergensen: Job-creation scheme.

The minority Social Democratic Government plans to raise about DKr 4bn (£275m) by increasing taxes on wines, spirits, tobacco, sugar and most forms of energy, and by introducing a tax on videotapes. But the car registration tax is to be reduced slightly by three stages over the coming year.

The Folketing will begin to debate the measures on Monday. As the Government has failed to reach agreement with the other parties which usually support it; there is no guarantee it will be able to carry its measures.

The tax increases are intended to finance the job-creation programme and agricultural support without leading to a massive increase in the budget deficit, which is expected to reach about DKr 65bn this year, compared with a first estimate of about DKr 41bn.

The Prime Minister said the youth employment measures are the start of a programme which will guarantee every person under 25 a job or an education by 1984.

So far, the Government has only promised the farmers about DKr 700m this year and DKr 800m in 1983, but the Government is still negotiating with other parties on measures which could increase the support for agriculture.

Jobs forecast for youth

GENEVA — Unemployment among young people in developed countries should shrink considerably by 1990 but rise drastically elsewhere because of demographic patterns, according to statistics compiled by the International Labour Organisation.

By the end of the decade, the number of young workers in developed countries, now at about 110m, is expected to drop by about 13m, a decline approximating the present number of unemployed youths.

For the developing countries, however, "the prospects are alarming," the ILO summary warns.

AP

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Satisfaction—and concern—in EEC capitals over farm vote

BY OUR FOREIGN STAFF

THE "steamroller" approval of the European farm prices package was greeted in European capitals yesterday with a mixture of satisfaction and apprehension. The general response was that Britain has isolated itself, taking a rigid stance on an issue which could not properly be regarded as an issue of important national interest.

The price package, they believe, was not a suitable subject for a veto under the terms of the "Luxembourg compromise" which, since 1966, has allowed for most important Community decisions to be passed only by a unanimous vote in the Council of Ministers.

The decision to bypass Britain's veto provoked fears in France, however, that it could be used as a precedent and could easily backfire

The strongest statement came from the neo-Gaullist RPR opopsition party. This is hardly surprising, since General de Gaulle was behind the 1966 "Luxembourg compromise."

M Bernard Pons, the Deputy Leader, said the French Governmenthad taken "an historic risk for an insufficient result" and that it was now "very seriously exposed."

Mme Edith Cresson, the Agriculture Minister, yesterday repeated Government assurances that the spirit of the "Luxembourg compromise"—that Community mechanisms should function harmoniously and that nobody should be gravely wronged—would be upheld. The rule of unanimous decisions for "important, vital and justified issues" would remain in force, she said.

Whatever precautions the French Government and its partners took, a "boomerange effect" could not be excluded, the right-wing daily L'Aurore said. This concern was shared by the Socialist newspaper, Le Matin de Paris, which warned that when it came to other thorny decisions, such as fruit or wine, France would find out just what a majority vote implied.

Britain's position had at least "the merit of being brutal and clear," while that of its partners was "strangely ambiguous."

The broadly pro-Government Le Monde, however, said France was right not to give in to "blackmail" and that this was "in a way the true Gaullist reflev." It blamed Britain for embarking on a "destructive exercise" and for forcing the other members into an institutional confrontation.

In West Germany all four parliamentary parties — and virtually all national dailies—welcomed the majority vote against Britain, saying the London government had isolated itself.

The cabinet yesterday stressed that Bonn continued to believe that member states should not be overruled in the Council on matters of "vital national interest."

A government spokesman explained that Bonn felt the farm price decision had been one of procedure, not of substance and that a veto could not be justified.

The reaction of the parties showed not only relief that EEC farm prices had at last been fixed, but displayed much of the irritation with Britain's stand on EEC issues which has been building up here for months.

Typical was the reaction of the liberal Free Democrat Party, the junior partner in the coalition. It said that at last the "Gordian knot" had been cut, and warned that if Britain sought to withhold EEC budget payments, it would be catapulted out of the Community.

This near-jubilation has served to drive West Germany's continuing support for Britain in the Falklands dispute somewhat into the background. However, the Government spokesman reaffirmed that Bonn—like Paris—would stick by Britain "as long as the conflict continues."

NRC Handelsblad, the leading business paper of the Netherlands, said Britain had got only what it deserved. "But is the logic of agriculture policy the final logic of European integration, and is farm policy always to be presented as the showpiece of European co-operation?"

It thought not. "Europe's future," it concluded, "does not lie in the farmyard and its place in the world of tomorrow must be decided by other than farm factors.

"Not only the fact of the price rise, but also the manner in which it was done — cutting knots is no solution — show that this fundamental reality has not yet been sufficiently well understood by the majority."

There was some relief in Rome that the farm deal had taken the critical spotlight off Italy, following its refusal to endorse even the seven-day extension of sanctions against Argentine.

Yesterday, Sig Emilio Colombo, the Foreign Minister, moved to amend damaged fences when he summoned Sr Rodolfo Luchetta, the Argentine ambassador to Rome. He told him that Italy's action in no way implied any change in the country's fundamental disapproval of Argentine's use of force in the Falklands.

The potentially disastrous deterioration in Community relations witnessed this week has left a feeling of acute unease and apprehension here. This, however, is mingled with something approaching stupefaction that Britain could have hoped to achieve success on three negotiating fronts (sanctions against Argentine, the Community budget, and farm prices) without being ready to give ground on a single one of them.

There was little sympathy in Dublin for British complaints. Politicians and officials believe the UK violated the letter and the spirit of Community law by holding up the farm price deal in support of what the Irish see as the unrelated issue of British budgetary contributions.

The delays were expensive for Irish farmers. It is estimated that the beef and dairy sectors lost I£17m as a result of the six week hold-up.

There is a view that the Irish Government might have found it easier to continue trade sanctions against Argentine had Britain shown more willingness to respond to the original EEC solidarity by recognising the importance of the farm price package to the agricultural economies in the Community.

Gen. Charles de Gaulle, whose actions led to the "Luxembourg compromise" which is threatened by Tuesday's vote.

Britain will introduce price rises

BY LARRY KLINGER IN BRUSSELS

ALL EEC countries will implement today the measures giving farmers record guaranteed price rises.

These range between 8.5 and 11 per cent for most major northern products and up to 14 per cent for the main Mediterranean produce.

Britain feels it has no option but to introduce the new prices, for both political and practical reasons.

"Whether we like it or not, the new price levels are now Community law," said an official.

"We would have to think very carefully indeed before taking such a step. We could even find the Government taken to court by its own farmers."

The more important immediate danger, however, would be the courting of chaos in Britain's agricultural trade within the EEC. Without British participation, different price levels would operate elsewhere in the Community, tempting a market-disrupting movement of UK produce to take advantage of guaranteed higher prices and storage outside the country. To combat this, elaborate and probably unpracticable measures would have to be introduced on Britain's frontiers.

Stripped of the drama over the majority vote, however, the 1982-83 price-fixing was "traditional" in the extreme.

The ministers added their customary one to three percentage points on most of the European Commission's proposed price rises. Coupled with special aid measures and agri-monetary adjustments, these will give farmers increases ranging from around 7 per cent in West Germany to nearly 20 per cent in Greece. The UK figure is just above 10 per cent.

Each of the ministers can again claim a victory for his or her farmers, including Mr Peter Walker. Despite his buffeting in trying to maintain Britain's veto, he takes home a substantial price award to his national farming constituency.

The news is less good for consumers, however. The British Ministry of Agriculture estimates that the package as approved will add 1¼ per cent to the UK's retail food price index and only ¼ per cent to the overall retail price index.

W. German unions elect new leader

By Stewart Fleming in Frankfurt

HERR ERNST BREIT, head of West Germany's Post Office Union, has been elected by an overwhelming majority to head the DGB, the country's trade union federation.

At the DGB's congress in West Berlin 499 of the 522 delegates, representing 8m members of affiliated unions, approved the election of the 57-year-old union leader. He will succeed Herr Heinz Oskar Vetter. The latter is retiring after 13 years in office against a background of deep dissension in the movement and in the shadow of a recently-uncovered scandal in union-owned businesses.

The overwhelming support for Herr Breit will come as a relief not only to the union leaders who decided two months ago to drop their first official candidate, Herr Alois Pfeiffer, but also to the delegates themselves.

The fact that Herr Pfeiffer, who has been fiercely criticised for investing in tax favoured housing, was re-elected to the DGB board with a much reduced majority, underlined the correctness of the decision to find a candidate untouched by what has become known as the "Neue Heimat affair"—the name of the union-owned building company.

Herr Breit's election, by the heaviest majority ever for a DGB chairman in his first election, will encourage hopes that he can help heal the divisions within the union movement which have been exacerbated by the financial scandals in union-owned businesses It will give him an authority within the ranks of the union leadership which the head of the DGB has not normally enjoyed. The powerful heads of the individual unions have generally tried to prevent the federation's chairman becoming too powerful a figure.

Lisbon reassured

Portugal has received guarantees from its Nato allies that they will study urgently its grievances over the level of military aid it is receiving, according to Sr Andre Concalves Pereira, the Foreign Minister, Reuter reports from Lisbon.

Inflation hits French economy

BY DAVID HOUSEGO IN PARIS

THE FRENCH economy is suffering at the hands of continuing high inflation and stagnant industrial production. This is the conclusion drawn from two official documents published yesterday.

According to the government statistics office, Insee, consumer prices rose by a provisonally estimated 1.1 to 1.2 per cent in April over the previous month, or at an annual rate of about 14 per cent.

This is in sharp contrast to the rapid deceleration in inflation in most other industrialised economies. It is also well above the target of an annual inflation rate of 10 per cent that the government had hoped to achieve within this year.

At the same time, the Bank of France, in its monthly survey of business, found that production sagged in April. Output of consumer goods continued to rise slowly but there was a fall in the production of intermediary goods.

Official concern at the loss of momentum in the economy was behind the government decision last week to provide a further reflationary stimulus by accelerating the capital expenditure programme of the newly nationalised industries.

The disappointing inflation figures are in line with a similar increase of 1.2 per cent in consumer prices in March over February. The April figures seem to have been bosted by a rise in food prices and by sharper-than-expected increases in earnings. Hourly wages rose by 4.8 per cent in the first quarter.

The increasing divergence between the inflation rates of France and West Germany is bound to add to the pressures for a devaluation

Key wage rise agreed in Netherlands

By Walker Ellis in Amsterdam

REPRESENTATIVES of the Netherlands' 270,000 metal workers reached agreement in principle yesterday with employers on a wage rise of 2.5 per cent from July 1. It is in line with the outgoing centre-left Government's recommendation and is seen as a victory for the moderates. The deal has still to be ratified by union members.

The metal workers' increase is normally an indication of the national pattern.

Saudis soft-pedal on tank deal

BY JAMES BUCHAN IN BONN

SAUDI ARABIA is continuing to act with great sensitivity over West Germany's political aversion to the sale of weapons despite its unchanged interest in buying the Leopard II tank.

In an interview in Frankfurt Mr Mohammed Abdo Yamani, the Saudi Information Minister, said that arms deliveries were not the deciding factor in Saudi-West German relations. "We are co-operating in many areas of much greater importance than the delivery of a few more weapons," he told the West German news agency, DPA.

Mr Yamani's remarks will be a considerable relief to the Bonn Government, which has been concerned that its failure to make any firm promises over the Leopard II might damage commercial and economic interests in Saudi Arabia.

A new element in the picture is a revision of guidelines on West German weapons exports, approved at the end of the month. This makes a Leopard II sale to Saudi Arabia theoretically possible without in any way altering the decisive political hostility to such a sale.

In fact, Mr Yamani made clear that Saudi Arabia had not made a fresh approach in the light of the new guidelines.

"We have taken no new steps," he said. It was up to Chancellor Helmut Schmidt to decide when he could answer for deliveries, and only then would the Saudi Government and Prince Sultan, the Defence Minister, make clear their needs.

Prince Sultan is known to be extremely keen on the Leopard II as a replacement for Saudi Arabia's ageing French and U.S. tank fleet but the Saudi ruling circles appears, as a whole, to be against pressing the issue hard.

OVERSEAS NEWS

Begin beats confidence challenge

By David Lennon in Tel Aviv

DESPITE losing its parliamentary majority the coalition government of Mr Menahem Begin survived a vote of no confidence in the Knesset yesterday over its handling of the economy.

After a day of fierce debate and frantic horse-trading behind the scenes, the Government defeated the motion by one vote 58-57, with three abstentions.

The Government is unlikely to be able to function very long in its weakened state, however, and it is expected that it will have to call new elections fairly soon. The likeliest date *would be November, when municipal elections are due to* be held.

The crisis was brought on by the decision of two members of Mr Begin's ruling Likud bloc to cross the floor on Tuesday to join the opposition Labour Party. This reduced the coalition representation in Parliament to 59 out of 120 seats.

While the Labour Party is now the largest in the Knesset, it was unable to persuade all of the smaller opposition parties to support its no confidence motion. Three MPs from the two small independent parties which held key votes decided to abstain and this was sufficient for Mr Begin to *survive*.

Even if he can persuade one of these two small right-wing parties which between them have five seats, to join his *coalition, it is doubtful whether* the demise of the Begin Government can be averted for long.

The Government can expect to be challenged frequently in the Knesset and may find it almost impossible to push its legislation through committees where its control will be weakened by the re-alignment of parliamentary forces.

Even before the latest crisis, Mr Begin was considering early elections

Bank severs Zaire links

THE ARAB Bank of Economic Development in Africa yesterday suspended links with Zaire in response to President Mobutu Sese Seko's decision to resume diplomatic relations with Israel, Michael Holman writes.

Zaire received $36.8m from the bank between 1975 and 1981, making it the bank's fourth largest aid recipient.

Ann Charters in Seoul and **David Dodwell** in London describe how a money market scandal has rocked South Korea

High price for breaking a gentleman's agreement

THE UNOFFICIAL money-lenders in Myongdong, in downtown Seoul, have for more than two decades been a thorn in the side of successive South Korean governments, but never before has such a potentially damaging scandal come from their midst.

A fortnight ago two active operators on the unofficial "kerb" loan market in Myongdong were arrested on charges connected with foreign exchange irregularities and of misuse of loan guarantees worth hundreds of millions of dollars.

The shockwaves of these arrests have panicked the stock market, brought at least two major companies to their knees, implicated two of the country's five main banks, and even compromised the family of the country's President Chun Doo-hwan.

The President has been swift to move against everyone involved in the scandal, and has given unequivocal backing for severe punishment of everyone implicated, but the affair is almost certain to have damaging implications for him and his *administration*.

At the very least, the scandal has confirmed to Koreans critical of the President that the "mandate of heaven" does not smile on President Chun, who has been beset with setbacks, many not of his own making, since he came to power almost exactly two years ago. For the President, however, it underscores that high-level corruption still exists in Korea, even though an anti-corruption campaign has been waged as his highest political priority since he came to power.

The scandal erupted when Mr Lee Chol-hi, once a member of the national assembly and a former deputy head of Korea's *CIA, and Mrs Chang Yong-Ja* his wife of three-months' standing (in Korea, wives maintain their own family names even after marriage), were arrested in connection with their activities on the unofficial kerb loan market based in Myongdong.

Korea's public prosecutor alleges that the couple took promissory notes worth at least $360m (£200m), which had been deposited with them as collateral against loans extended to numerous Korean companies, and cashed them in *the kerb market. This not only* broke a gentlemen's agreement that the notes should never be cashed if the loans were repaid, but took two companies to the brink of bankruptcy and hurt several others since the notes, usually worth several times the value of the loan, could not be honoured by them.

It is anyone's guess how many notes were circulated before the scandal broke. The arrests followed complaints by at least six companies that, in

> At the very least, the scandal has confirmed to Koreans critical of President Chun that the mandate of heaven does not smile on him

breaking the usual gentlemen's agreement, Mr Lee and his wife had in effect tried to defraud them.

The Korean stock exchange has suspended share dealings in two of the companies, Kong Yung Construction, and Ilssin Steel. Following the resignation of top officials in both companies, Ilssin Steel has been put *up for sale, while Kong Yung* has been put under court control until a number of contracts in the Middle East have been completed to which the company is committed. The other companies named are Haetai Confectionary Co, Life Construction Co, Taeyang Metal Industrial Co, and the Samik Corporation.

As the scandal has spread, so the presidents of two of the country's main banks have resigned following charges implicating them in the scandal. Yesterday, the Superintendent of Banks resigned with his deputy, following a decision by the public prosecutor to investigate the adequacy of *his department's supervision of the* banks involved.

On Tuesday this week, the scandal crept closer to the Blue House, home of President Chun, with the arrest of General Lee Kyu-kwang, a former Provost Marshal in the Korean army, and an uncle of President Chun's wife.

Gen Lee was arrested and charged with accepting bribes from Mrs Chang in exchange for promising to try to influence officials to help set up a bank in partnership with unnamed *banks in the Middle East. This* latest development is ominous because it transforms the scandal from one concerned with the murky operations of Korea's unofficial money-markets to one involving attempts to use power and influence around the President to gain business favours.

Korea's Myondong kerb loan market has grown and thrived over two decades, in part because of constant government attempts to control the supply of money by keeping a tight lid on official lending to industry, and in part because of government regulation of interest rates.

Companies unable to borrow money from official sources have turned to the kerb market, despite the additional cost of borrowing there. The Government, aware that its fast-growing industry was hungry for funds, but unwilling to relax lending limits from official sources, was thus forced to turn a blind eye to the kerb market, even though it was a magnet for "black" money and a regular means of tax evasion.

The kerb market was fuelled by small savers attracted by *high interest rates: up to an* annual rate of 36 per cent was offered by Myongdong moneylenders during parts of last year, though rates have since slipped to around 25 per cent, about twice the official rate. Few reliable figures are available: to measure the market's importance, but it is estimated to be worth over $5bn, and to account for about 40 per cent of funds available for loan.

The usual practice for companies borrowing from kerb

> The market is estimated to be worth over $5bn and to account for about 40 per cent of funds available for loan in Korea

market moneylenders was for the company to deposit with the moneylender a promissory note for at least twice the value of the loan being raised. The note was normally held as surety against default by the borrower, and a gentlemen's agreement existed that the note would never be cashed, but would be returned to the borrower on repayment of the loan.

Mr Lee and Mrs Chang instead allegedly sold the notes on the kerb market at a discount. To ensure the notes were negotiable, the couple allegedly had them written on forms that could only be obtained from banks. The notes were traded on the kerb market without the knowledge of the original issuers until the notes fell due; people then owning the notes presented them for payment to the original issuers who could not honour them.

The scandal might have been handled more quietly had it not been for further irregularities: Kong Yung Construction, for *example, had raised loans worth* about $23m, but instead of issuing promissory notes for about twice that sum, as would have been normal, they issued notes totalling over $200m.

Eighteen people have so far been arrested in connection with the scandal.

President Chun is no doubt split between a desire to limit the political and economic damage done by the scandal and the need to be seen to act firmly in rooting out corruption.

With the resignation yesterday of the Superintendent of Banks, and mounting pressure for resignations in his cabinet, the President must now be keen to wrap the scandal up quickly.

Ojukwu pardon may affect poll

BY QUENTIN PEEL, AFRICA EDITOR

THE DECISION by President Shehu Shagari of Nigeria to grant a free pardon to former Col. Odumegwu Ojukwu, leader of the breakaway state of Biafra during the 1967-70 Nigerian civil war, introduces a new element of uncertainty into the Nigerian political scene.

The likelihood of Mr Ojukwu returning to active politics under the country's civilian constitution could have a significant effect on the outcome of next year's national elections.

Speculation is rife in Lagos that he will throw his weight behind President Shagari's ruling National Party of Nigeria (NPN), and thereby divide the important Ibo vote in the eastern states which once made up Biafra.

By doing so, he would set himself against Dr Nnamdi Azikiwe, the veteran Ibo leader, who has led his Nigeria People's Party (NPP) out of an alliance with the NPN and into an opposition front with the Western-based Unity Party of Nigeria (UPN) led by Chief Obafemi Awolowo.

Odumegwu Ojukwu: two major uncertainties

Official reasoning behind the decision of the Council of State, President Shagari's top advisory body, to grant the pardon is that it is "the final seal put on the rehabilitation and reconciliation measures following the civil war."

The move had been expected since the lifting of restrictions on former Gen Jack Gowon, head of the federal Government during the civil war, and head of state until 1975, which was announced last October. However, Mr Ojukwu remains a far more contentious figure.

Two major uncertainties remain—what the reaction of the former Biafran leader will be to the pardon, and how much *support he can still command* amongst the Ibo people.

He could yet reject the offer of a pardon, on the grounds that it would be tantamount to an admission of guilt. However, most political observers believe he is anxious to return as quickly as possible from exile in the Ivory Coast, where he has built up successful business interests.

President Shagari, who won the first civilian election under the new constitution in 1979 with the widest measure of national support, is undoubtedly worried about the threat of an alliance between the UPN and NPP.

Saudis may call for new Gulf peace effort

By Roger Matthews

SAUDI ARABIA and Kuwait are considering calling for an emergency meeting of Arab League Foreign Ministers early next month to discuss ways of *ending the war between Iraq* and Iran.

The latest Iranian advances in the 20-month-old war are causing increasing alarm among conservative Arab oil producers who fear they could become the next victims of a militarily successful Iran.

No formal request for an emergency meeting has yet been made as it would be certain to highlight already serious Arab divisions over the conflict. Syria and Libya are backing Iran in the war and together with Algeria and South Yemen would oppose any Arab League meeting designed to provide support for Iraq.

An official from the Saudi Foreign Ministry said this week that there could be a case for invoking the Arab joint defence agreement if Iran chose to advance into Iraq.

Japan to raise steel pipe output

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

THREE out of Japan's four top steel manufacturers seem certain to press ahead with plans to increase their production capacity for seamless steel pipes. This is despite the fact that the bottom has fallen out of the world market after a boom which started at the end of 1980.

The companies which will probably go ahead with plans to build new pipe-making capacity are Nippon Kokan, Nippon Steel and Kawasaki Steel.

Sumitomo Metal Industries, the largest Japanese manufacturer of seamless steel pipes and the one which stands to lose most from the steep fall in demand that set in about six weeks ago, appears undecided about its investment programme.

It seems virtually certain that Japanese capacity for seamless pipe making will rise from the current level of about 4.4m tons—out of the world total of 8m tons—to 5.5m tons by the middle of next year, *whatever action* Sumitomo may take.

The Japanese manufacturers will go ahead with their investment plans officially in order to improve their product mix in the seamless pipe sector—which *is thought to be necessary to* meet changing patterns of demand in the world oil industry.

An additional, unacknowledged, reason for pressing forward could be to "establish" market shares in advance of what could be a seamless pipe trade war in 1984 or 1985.

The Japanese manufacturers expect to face a serious challenge to their position in the U.S. market from about 1984 onwards, when two major plants planned by U.S. Steel and Armco should come into production.

If the market has to be shared out by mutual agreement or negotiation, a dominant 1983 market share could be a useful basis for discussions.

Demand for seamless steel pipes, which are used in oil exploration, began to grow sharply from the end of 1980 partly because of the deregulation of U.S. oil prices, which in turn boosted exploration activity.

In 1981, Japanese exporters raised their prices four times in the U.S. market and earned on average 35 per cent more a ton than a year earlier. Prices rose by another 8 per cent in the first quarter of this year, but have now started falling sharply.

A 15 per cent *fall in prices* during the 1982 fiscal year (starting last April) coupled with a 15 per cent fall in the volume of exports, is regarded as about the best possible outcome for the industry.

If nothing worse happens, the collapse of the seamless pipe market could make a Y30bn (£69m) hole in the profits of Sumitomo Metal Industries during the second half of the fiscal year, and perhaps cost Nippon Kokan—the second largest seam*less pipe maker—as much as* Y20bn.

All four manufacturers are trying to recoup their probable losses on seamless pipes by pushing through a 5 per cent increase in the domestic prices for four main steel products, other than pipes. But it is not yet certain if these efforts will be successful.

THE FALKLANDS CRISIS

Mark Newham examines prospects for the exploration of oil and mineral reserves in Antarctica

Potential wealth of the continent yet to be charted

ANALYSTS of the Falklands crisis have stressed that the taking of the Falklands by Argentina could be the first step towards the ultimate domination of the Antarctic by the Argentine junta. They base their assumptions on reports that Argentina covets the immense mineral wealth thought to lie below the glacial ice of the southern continent.

Have these analysts got their sums right? That was the question posed recently at a special meeting of the Royal Geographical Society (RGS) called to give the opinions of experts of the Antarctic and the South Atlantic a long-overdue airing. The experts' answer was loud and clear. There may be large mineral reserves in and around Antartica but can they be commercially developed?

Dr Charles Swithinbank, head of the British Antartic Survey's (BAS) Earth Sciences Division, presented a clear picture of the situation. Only 20 per cent of the continent has so far been charted on a scale large enough to be useful for mapping out geological and mineral resources, and much of that has been carried out by the BAS in the Atnartic peninsula. So far, BAS has found shows of a wide variety of metallic minerals including copper, zinc and tin, but cannot base any estimate of likely reserves on these investigations alone.

The BAS research programme has yet to include plans for detailed seismic and drilling work and, without data from such studies, no one can be sure of the extent of the continent's mineral riches.

Dr Swithinbank pointed out that, as well as the technical problems involved in drilling through continually shifting glacial ice into bedrock, there are the legal difficulties surrounding ownership of results of test bores. Who do operators go to for a licence to drill? Will the data they obtain remain their property? What is to prevent a commercial or political competitor setting up his drill rig next to theirs?

Without the assurance of legal ownership over their work, no investor in his right mind is going to put money into detailed exploration of the Antartic, he said. And, without such detailed geological investigations, the Antarctic continent will remain the largely unmapped glacial desert it is today.

BAS is doing its best with the limited financial support it receives from the British Government to remedy the situation but, after 30 years' work in the region, Dr Swithinbank said: "There are better maps of the dark side of the moon than there are of the Antarctic."

The one area for which moderately well-defined maps do exist is the Antarctic peninsula — the area claimed by the UK, Argentina and Chile. Dr Swithinbank is in no doubt about the area's rightful owner. "The BAS has carried out 95 per cent of the geological investigations on the peninsula," he said. "besides which Britain registered its claim in 1908 — 35 years before Argentina's claim and 32 years before Chile."

In an effort to allay the squabbles over the disputed regions, the Antarctic Treaty was drawn up in 1959 to keep all territorial claims in abeyance "in the interests of international co-operation for scientific purposes." The Treaty has so far been largely respected but, while scientists from the UK, the U.S., the Soviet Union, Argentina, Chile and Poland pursue their research work in international harmony, the politicians are equally busy concocting wide-ranging documents to back up *their claims to the* disputed areas.

Some, like the British, Argentines and Chileans, claim only a slice of the continent. In the *case of the South American* claimants their slices overlap with part of the territory generally regarded as being within Britain's sector. The practical implications of this rivalry have been kept to a minimum so far, with all countries established on the Antarctic having free reing over other national "territory."

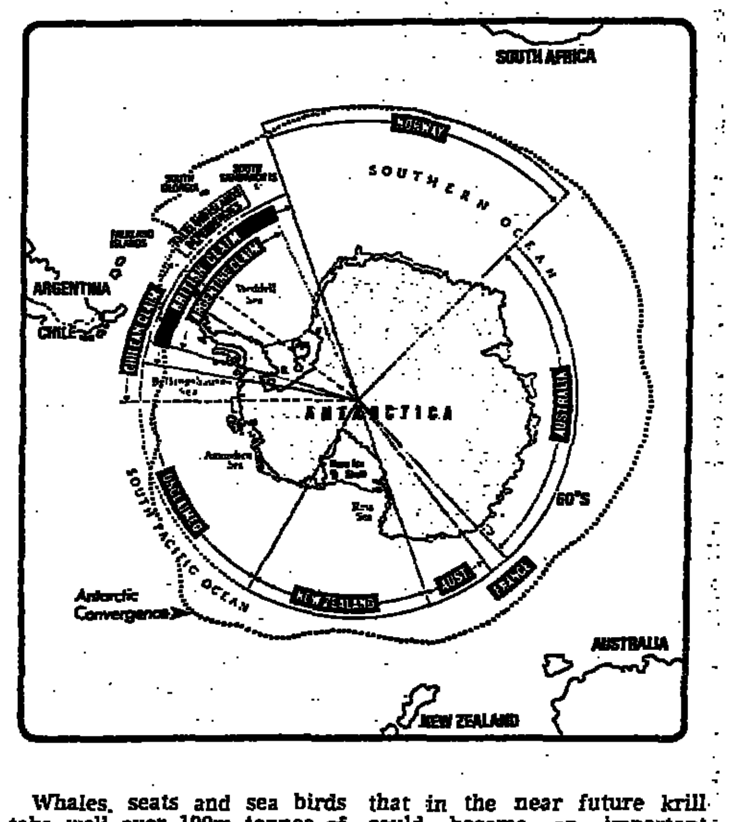
Like many other claimants Argentina bases its arguments in defence of its rights on lines drawn to the South Pole from the extreme eastern and western points of its territory, including offshore islands. Here lies the importance of Argentina's attempts to wrest from Britain the Falklands' dependencies of South Sandwich and the South Georgias, which were joined administratively to the Falkland Islands only in recent times.

Unless the Antarctic Treaty is nullified by the battle for the Falklands, none of the signatories will be able to argue the terms of the Treaty until 1996 — the date set for the next round of negotiations over ownership of the disputed regions, when signatories of the Treaty can withdraw their support.

Arguments over territorial sovereignty may result in countries like Argentina *pulling out* of the Treaty, but there will be little to fight over on the Antarctic ice are developed, on a commercial scale, partly because the *offshore oil* resources will take aprecedence over onshore mineral deposits. But even these offshore oil reserves, which could be from 15 to 50bn barrels according to the assessments by the U.S. Geological Survey and Gulf Oil, will take many more years to develop.

First will come the harvesting of the region's only proven resource: immense quantities of krill (a crustacean similar to a shrimp) found in the sea around South Georgia and south to the Antarctic peninsula.

Present-day reserves of krill in the region, according to Dr Inigo Everson of the BAS Marine Biology Division, far exceed the existing world catch of fish. It is a resource which could easily rival oil and minerals in importance, but it is as yet under-used by man.



Whales, seals and sea birds take well over 100m tonnes of krill each year while man uses only 200,000 tonnes. Conserved properly, Dr Everson believes that in the near future krill could become an important part of the human diet but, at present, most of the krill caught today is used as fishmeal.

Argentina 'ready to weather sanctions'

BY JIMMY BURNS IN BUENOS AIRES

ARGENTINA'S ECONOMY Minister, Sr Roberto Alemann, yesterday lambasted the *European Community and said that* his country's economy would be able to sustain sanctions as "long as necessary." He also denied that he was under pressure to resign.

Sr Alemann was speaking on television on his return from an extensive tour of the U.S. and Europe where the Minister claimed to have had "considerable success" in reassuring Western bankers about Argentina's economic situation.

Sr Alemann, in his strongest attack to date on the EEC's sanctions, said that the Community had been involved in a "political trade-off," with France agreeing to support Britain over the Falklands in return for expected concessions on the EEC budget.

"The Community is mistaken if it thinks it can persuade the President or the military junta . . . we are prepared to hold out as many months as necessary until our sovereignty is recognised," Sr Alemann said.

He gave a warning that if the EEC extended its blockade beyond the seven-day extension agreed in Luxembourg this week, local subsidiaries of European companies "would suffer." Although he did not elaborate, the implication was that Argentina might consider a total clamp-down on existing contracts with some European companies which in spite of the crisis have been respected so far.

Argentina would also close any loopholes affecting imports from European countries.

Brushing aside suggestions that Argentina might be heading *for an economic crisis as a* result of the war, Sr Alemann expressed optimism in his country's external and domestic financial position.

He was speaking following the release of official figures showing a first quarter trade surplus of $1.1bn compared with a deficit of $750m during *the first quarter of last year.*

In Buenos Aires, bankers reported that the financial markets had reacted "psychologically" to the recent reduction in the minimum reserve requirement and that interest rates were coming down substantially for the first time in several weeks.

Sr Alemann claimed that during his meeting with leading Western bankers in Zurich and *New York he had found no one* willing to express a "tough position" towards Argentina. "On the contrary, they were all very understanding when I told them *about the British aggression*," he said.

Foreign bankers in Buenos Aires have confirmed Sr Alemann's claim that Argentina *for the moment, is in no danger* of defaulting on its debts. Argentina was continuing to pay interest payments due and European and U.S. bankers were *agreeing to "roll over" short-term* credit.

But in his interview yesterday Sr Alemann did not rule out the possibility that Argentina might have difficulty in meeting its future borrowing requirements if the conflict with Britain was prolonged.

Sr Alemann confirmed that negotiations on medium and long-term credit had been suspended until further notice "because of the crisis" and the negative impact this might have on spreads.

It was reported yesterday that a top-level trade mission led by the Under-Secretary for Agriculture, Sr David Lacroze, would visit Moscow before the end of the month. The mission is expected to press the Soviet Union—Argentina's major trading partner—to resume its cereal contracts with Buenos Aires which have been postponed since April 2.

Argentina is hoping to export an estimated 15m tonnes of cereals to the Soviet Union in 1982 but so far just over 6m tonnes have been committed.

The Russians are reported to be holding off because of the possible danger to shipping of the British naval blockade and the hope that *Argentina might* reduce its prices. Moscow is also due to resume negotiations with the U.S. on cereal trade soon.

The British Government is to broadcast its own radio programmes to Argentine troops on the Falkland Islands, the Ministry of Defence announced yesterday. The Government station, to be called Radio Atlantico del Sur, will transmit programmes in Spanish including popular music and news items. Programmes will be produced by the Ministry and will be broadcast from a requisitioned BBC transmitter on Ascension Island.

Both sides wary of the other's submarines

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

BRITAIN'S task force has now admitted to losing five helicopters—three of them Sea Kings, worth roughly £2.5m each and designed primarily for anti-submarine warfare. The Sea Kings have been lost, not as a result of Argentine fire but *apparently because of* dangers inherent in searching for submarines in the rough weather being experienced around the Falkland Islands.

The loss of the Sea Kings illustrates the importance and the dangers of anti-submarine operations. The two navies may have no more than six submarines of any description in the South Atlantic but the damage they can cause is out of all proportion to the numbers involved—as the sinking *of the General Belgrano by a* British submarine showed.

About 300 men lost their lives and 700 were saved as the Belgrano went down. It needs very little imagination to realise the likely impact in Britain were Invincible or Hermes, the two aircraft carriers with the task force, to fall *victim to an Argentine torpedo.* The commanders of both navies are reported to be seriously concerned about the submarine threat.

Britain has never said how many of what sort of submarines it has in the South Atlantic. The general assumption, fed by judicious leaks from the Ministry of Defence, is that there are up to four of thenavy's 12 nuclear-powered vessels there.

These are probably of the Swiftsure class—big boats, nearly 100 yards long and displacing more than 4,000 tons when they dive. They are armed with the primarily anti-submarine torpedo Tigerfish, as well as with the older Mark 8 anti-surface-ship torpedo.

Argentina, which has at least six new German submarines on order, currently has only three boats, all diesel-powered. Two are mid-1970s German T209, called the Salta and San Luis and displacing 1,200 tons dived, and the much older U.S.-built Guppy class Santiago del Estero, the 2,420-ton sistership of the Santa Fe beached during the British recapture of South Georgia. The SST 4 torpedoes on the Salta have a similar speed and range to the Tigerfish—about 35 knots for eight miles, but the Salta's weapon which can also attack surface ships has a computer and heavier warhead, possibly making it more accurate.

In theory, Britain's task force ought to be better at detecting the three Argentine submarines, if only because a key role of the British Navy in the North Atlantic is anti-submarine warfare. But in the South Atlantic, the anti-submarine operation is hampered by several key factors.

The first stems from the nature of the sea and the continental shelf which stretches from the Argentine coast to embrace the Falklands. This shelf, at between 390 ft and 525 ft, is much shallower than the North Atlantic for which the huge nuclear-powered hunter-killer submarines were designed. Combined with often extreme underwater turbulence, the advantage in detection is probably with the smaller and quieter (though less fast) Argentine submarines. The conditions are such that the British hunter-killers' passive sonars may often be ineffective—but if active sonars are used, the British submarines are in danger of giving away their position.

Another key means of submarine detection is airborne—in the Sea Kings, and the Nimrod reconnaissance aircraft. Both, in the conditions of the South Atlantic may also have drawbacks. The Sea King relies on dipping its sonar into the sea, on a line which has a maximum depth of raound 250 ft and can "see" for three or four miles. For maximum effectiveness the Sea King must hover no more than 50 ft above the sea, which can be dangerous in high seas.

In the North Atlantic, Nimrods depend on prepositioned sonar buoys for their information. It is not clear that a sufficient network of such buoys has been dropped in the South Atlantic to allow efficient edtection.

The surface ships have their own sonars capable of detecting submarines, but they rely primarily on the detection net which is thrown at its widest by the Nimrods and Sea Kings.

Ministry of Defence officials believe that Argentina's fears of Britain's submarines are such that most of its fleet has been kept well within coastal waters. But diplomats in Buenos Aires believe that while at least one of the Salta class is intent on seeking out the British carriers, the Guppy may well be trying to track the QE2 with 3,000 British troops on board.

The seas, as one naval captain put it, is a very big place, and even in this era of high technology warfare, chance plays a very important role.

Meese confident of interest rate fall after budget

BY ANATOLE KALETSKY IN WASHINGTON

THE REAGAN Administration may reconsider its economic policies if interest rates do not fall sharply after Congress passes a budget for fiscal year 1983, beginning in October.

Mr Edwin Meese, President Reagan's chief domestic policy adviser, suggested this on Tuesday night to a group of reporters, while insisting that agreement on a budget would, in fact, reassure the financial markets and trigger a drop in interest rates to an "appropriate" level of about 8 to 10 per cent.

However, he said the President "will look to other measures" to reduce interest rates if "there is not some reasonable response" from the markets to a budget agreement. He refused to be specific about such measures, saying only that "we will be looking at everything possible at that point."

Edwin Meese

Mr Meese's comments were interpreted as a hint that the Administration might reconsider its support for the Federal Reserve's monetary policies if interest rates do not respond to a budget agreement.

An official spokesman for the White House, Mr Larry Speakes, rejected any such such interpretation.

"I would knock down hard the idea raised in news stories that we were making any hint at changing monetary policies," Mr Speakes said.

"At no time did Ed say the President was contemplating a change in economic policy. We fully anticipate that once the budget is passed interest rates will come down. Ed was stating what was obvious. If they do not come down we would look at other steps on the economic front."

Mr Speakes emphasised that consistency had been a "hallmark" of the Administration's economic policy, but admitted that there were "many alternatives" which could be tried if interest rates did not come down after a budget agreement.

Mr Meese had said that he expected inflation to level off at about 3 per cent to 5 per cent. Appropriate interest rates for this level of inflation would be between 8 and 10 per cent.

Max Wilkinson, Economics Correspondent, adds: Mr Donald Wooley, chief economist of the Bankers Trust of New York, said yesterday that U.S. interest rates were unlikely to fal substantially before the end of this year and, as a result, economic recovery was expected to be "fragile."

Mr Wooley said in London that although the U.S. inflation rate was falling, he was sceptical about the extent to which the Administration would be able to get its budget deficit under control.

The U.S. budget problem could not be resolved without special action to reduce spending, and probably to raise revenues at well.

Brazil trade surplus declines

By Our Sao Paulo Correspondent

BRAZIL last month recorded the smallest visible trade surplus of the year—$22m (£12.2m)—gained from exports of $1.571bn and imports of $1.549bn, according to Sr Ernane Galveas, Finance Minister.

The surplus accumulated only because a sharp drop in imports compensated for weakness in exports. From January to April, Brazilian imports fell 15.8 per cent to below 1981 levels, while exports were 7.6 per cent below the same period of last year.

The trade balance for the first four months of 1982 shows a surplus of $176m.

Sr Galveas maintains that Brazil wil achieve its year-end export target of $25bn and finish the year with a trade surplus of $3bn.

Private economists pitch their estimates lower, at about $2bn. They point to the continuing weakness in commodity prices and the problems facing the major importing countries of Brazil's industrial goods, including Nigeria.

Foreign reserve figures turned upwards in April after three consecutive months of decline, said the Central Bank. Brazil's reserves rose to $7.024bn, an increase of $10.6m over March, but $481.9m lower than last December 31.

Despite the drop of $481.9m in the first four months of this year, the Central Bank expects that reserves will increase to $8.5bn by the end of 1982.

Carter's 'last will' angers Democrats

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Jimmy Carter's final act in office was to draw up a "last will and testament" bequeathing the country's economic problems to the incoming President, Ronald Reagan.

That, at least, is the caricature version portrayed in a 30-second television advertisement unveiled by the Republicans this week, as the first blow in a $10m (£5.5m) or more television campaign in advance of November's mid-term Congressional elections.

The Democrats are, predictably, furious—all the more so because look-alike actors are used to depict Mr Carter and Mr Tip O'Neill, the Democratic Speaker of the House of Representatives listening with relish as the "will" is read out by an anonymous lawyer as the actor playing Mr O'Neill chortles loudly, the lawyer ing. Gas prices sky-high. Government spending money like it was going out of style. To the Republicans in Congress, we leave the real problems."

Mr Tony Coelho, chairman of the Democratic Congressional Campaign Committee, immediately denounced the advertisement, saying the economy had been growing when Mr Carter left office.

He quoted authoritative independent economists as saying that the recession began last July—six months after Mr Reagan took over.

Mr Coelho immediately sent telegrams to television companies warning them that the less well-heeled Democrats might demand free time to answer, especially if the advertisements were shown with "full knowledge of flagrant inaccuracies."

The claim that Mr Reagan was left a recession was "false, misleading, and totally inaccurate" he declared. The truth was that the recession had been brought about by Mr Reagan's "unfair economic policies."

Mr Guy Van Der Jagt, chairman of the National Republican Congressional Committee, said he had relied on the support of an opinion poll taken by his committee.

He said it showed that 33 per cent of Americans blamed the Democrats for the recession, 17 per cent blamed the Republicans, 36 per cent blamed both parties, and 14 per cent had no answer, or said that neither party was to blame.

One of the three major TV networks—CBS—has refused to run the advertisement on the grounds that it is too early in the Congressional campaign.

The two others, ABC and NBC, are still demanding verification of some of the statements made—for example, that "under the Democrats, soaring prices made it hard to live like you used to."

A second advertisement shows two couples setting off on holiday in a dust-covered camping trailer which, it seems, they have not been able to use for two years because of high prices.

"President Reagan and Republicans in Congress created programmes that brought inflation down—from more than 12 per cent to less than four," says a disembodied voice. The theme of both advertisements is that the Republicans "are beginning to make things better."

Mr O'Neill — the real one —objects to the advertisement as "degrading the office of the Presidency."

The Republicans, however, had made one concession: The fake President Carter does not speak — for the very reason that that might have offended some Americans because of their "underlying respect" for all tenants of the White House.

Footnote: The Reagan Administration is trying to reduce the power of the Federal Trade Commission to act against misleading advertisements.

U.S. and Australia draw up draft anti-trust pact

BY PAUL CHEESERIGHT

THE U.S. and Australia have drawn up a draft agreement providing for consultations over the aplication of U.S. anti-trust laws, in an attempt to avoid frictions caused by the clash of their different legal systems.

Problems have arisen, especially over the uranium market and shipping conference rates, because of the U.S. claim that its anti-trust law is applicable to any action which has an effect on U.S. commerce.

This has placed Australian companies in the position of obeying their own domestic laws while being in breach of those of the U.S. The issue caused such aggravation that it was discussed by President Reagan and Mr Malcolm Fraser, the Australian Prime Minister, in Washington last year.

The draft agreement, announced by Senator Peter Durack, Australian Attorney-General yesterday, recognises that circumstances exist when U.S. anti-trust enforcement might be in conflict with Australian policy.

It agrees that prior consultations should be held when it appears that U.S. action might affect Australian interests, or vice versa.

U.S. officials said the agreement was significant because it took anti-trust matters out of the realm of political conflict. The agreement was first mooted in 1980, but discussions have only recently been resumed.

The Australian Government was particularly disturbed in charges by Westinghouse Electric that companies such as CRA, Pancontinental Mining and Mary Kathleen Uranium had been involved in an international uranium cartel in the mid- and late 1970s.

Since then, Australia has joined the UK and other Commonwealth and European countries in passing laws to block U.S. anti-trust enforcement.

Over the past two years, however, as the Westinghouse case has been settled out of court, the political temperature has dropped considerably. The U.S.-Australia draft is the first tangible sign of this.

Opec sure it can hold oil price at $34 a barrel

BY RICHARD JOHNS IN QUITO

THE Organisation of Petroleum Exporting Countries meets in Quito, Ecuador, today with members generally confident that the price structure and reference of $34 a barrel established late last year can be maintained more or less intact over the critical four months ahead.

Rising spot prices and a recovery of Nigerian production have strengthened the belief that collective output, which was reckoned to have slumped to below 16m barrels a day last month, will reach 19.5m-22m b/d in the last quarter.

The current level is believed to be slightly in excess of 17m b/d because of an increase in Nigerian and Iranian shipments.

Equally crucially, Nigeria has evidently been additionally fortified and dissuaded from succumbing to market pressures by a firm offer by Saudi Arabia of financial aid.

Even so, heat is bound to be generated in the rarefied Andean atmosphere by allegations, supported by a number of independent analysts, that Iran is producing substantially in excess of the 1.2m b/d allocated to it at the extraordinary conference held in Vienna two months ago.

Iranian output could be as much as 1.8m b/d, including 1.5m b/d exports. It is also known to be selling at below its official rate of $30.20, already $4.00 out of line with the system adhered to by other members. But its deals, not least its barter agreements, are obscure.

On his departure from Baghdad to Quito late last week, Mr Tayeh Abdul-Karim, the Iraqi minister of oil, accused Iran of violating Opec agreements.

Mr Mohammed Garazi, his Iranian counterpart, made it abundantly clear two months ago in Vienna that Tehran did not subscribe to Opec's first-ever production programme, which set the ceiling of 17.5m b/d on all members' output.

At its meeting in Caracas on Tuesday, the four-man ministerial committee set up to monitor the market decided to recommend its continuation.

Mr Abdul Karim's animosity may be intensified by Iraq's recent reverses in the war with Iran and the apparent failure of its air raids earlier in May to disrupt export from Kharg Island. He can expect to receive a measure of support from the conservative Arab oil producers of the Gulf.

By contrast, Libya can be relied on to join with Iran in asserting vociferously that Saudi Arabia's share of the market—the kingdom's output is reckoned to be less than 6.5m b/d at the moment, compared with a ceiling of 7m b/d—is still too large.

In practice, a majority of members believe that the structure can be preserved in its essentials until the anticipated build-up of demand towards the end of the summer, despite Iran's refusal to conform.

Ecuador's recent admission that it had sold 1.82m barrels on the spot market, at an average of nearly $2m below its official selling rate, is not considered of serious consequence.

The problem has apparently been solved by Venezuela's agreement to refine the excess output of its fellow Latin American member, though it is unclear whether the deal will still involve an effective discount.

Senate vetos FTC rule

BY OUR WASHINGTON CORRESPONDENT

THE Federal Trade Commission, the U.S. Government's principal consumer protection egency, has been dealt a major blow by the Senate, which has voted for the first ever congressional veto on an FTC regulation.

The regulation, which would require used car dealers to disclose known defects in their cars on window stickers, had taken the FTC nearly 10 years to prepare.

The veto, which may be confirmed by the House of Representatives this week, is the first congressional action under a 1980 law which greatly increased legislative control over the FTC.

The commission has been under attack in recent years from conservative politicians, who regard many of its actions as Government interference in private sector activities.

Last wek the Senate commerce committee voted to recommend curbs on the FTC's power to regulate "unfair" advertising. The committee also recommended moves to prevent the agency from taking anti-trust action against professional groups, such as medical and legal associations, which allegedly fix prices, limit competition between their members and restrict advertising.

The commission's staff had intended to focus more of its anti-trust activities on such professional group's rather than the large corporations and mergers, with which it had been traditionally preoccupied.

Congressional opposition to the FTC has been backed by extensive lobbying by special interest groups. The used car industry contributed fore than $800,000 (£444,000) to congressmen's campaign funds in 1980 and 1981.

Senator John Danforth, said in Tuesday's debate on the used car veto that it would be "an invitation to inteerst groups to apply the maximum amount of pressure on Congress."

Japan may cover farm products in next trade package

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

THERE IS a chance that farm products will be covered by the next Japanese trade liberalisation package, a Japanese trade liberalisation package, a Japanese Foreign Ministry official said yesterday.

His remarks followed a brief period of confusion within Japanese Government departments over the contentious issue of farm products imports. The confusion developed from letters handed to various Japanese ministries in Paris last week by Mr William Brock, the U.S. Special Trade Representative.

In his letter, Mr Brock apparently demanded complete liberalisation of Japan's approach to imports in the highly protected domestic agricultural sector.

The issue is a source of rising agitation in Japan, and yesterday representatives of Japan's 6m farmers expressed opposition to calls for full import liberalisation or expansion of import quotas for farm products, such as beef and oranges.

Earlier this week, Mr. Yoshio Sakurauchi, the Foreign Minister, wrote Mr Brock advising him it would be difficult to include the lifting of agricultural quotas in the liberalisation package expected in preparation for next month's world economic summit in Versailles starting June 4.

Japan had expected to hold talks on the farm products issues this week with the U.S. issue this week with the U.S., but these were postponed because of the confusion prompted by the Brock leter. The talks are now expected to be held next week.

Brij Khindaria adds from Geneva: Japan plans to announce its package of trade liberalisation measures before the Versailles summit in a move to disarm European and U.S. critics of its aggressive trading methods.

The measures will also reply to the EEC's complaint to the Geneva-based General Agreement on Tariffs and Trade (Gatt) over Japanese reluctance to buy more European-made goods.

The package's main focus would be on reducing non-tariff barriers to trade with the Community, and the removal of such irritants as complex quality controls and technical standards as well as lengthy administrative procedures.

The measures would follow a package announced last January cutting tariff levels on about 68 products imported from the Community. One result of that package was to reduce tariffs on Scotch whisky and car imports.

Japan disclosed its intention to announce the package at talks with the Community in Geneva on Tuesday and yesterday.

Swiss engineering order books 'thinnest on record'

BY JOHN WICKS IN ZURICH

ORDER BOOKS in the Swiss engineering industry are the thinnest on record, according to the country's Association of Machinery Manufacturers.

At the end of the first quarter, orders on hand were equal to an average of only 6.7 months' production. This compares with the equivalent of 7.4 months a year earlier, and as much as 10.3 months at the start of the boom years of 1974.

A total of 200 member companies in the metals and machine-building industry reported an overall order-book volume of SwFr 14.7bn (£4.1bn). This was only 3.8 per cent higher than in the first quarter of 1981, a growth well behind that of inflation.

Although new orders were up over the year by SwFr 871m or 22.1 per cent, this was due largely to a single Middle-East order worth over SwFr 650m and to the effect of inflation.

U.S. sends coal mission to Europe

By Leslie Colitt in Berlin

A U.S. coal-selling mission to Western Europe is seen by both Polish and U.S. officials as an attempt to capture markets from Poland, which suffered a sharp fall in coal exports last year.

The week-long mission, which today holds meetings in Spain with coal importers will go on to Italy, France and Belgium.

Before the departure of the group, Mr Malcolm Baldrige, U.S. Commerce Secretary, said the U.S. had the most stable labour climate among coal-producing countries, while the situation in Poland was causing "unease in European markets about the reliability of Polish coal."

The U.S. exported 110m tonnes of coal last year, three times the amount shipped in 1978. This year U.S. coal exports are expected to slump to 105m tonnes because of the economic recession.

While Western European buyers worry about the reliability of Polish coal exports, they have also shown concern about the U.S. ability to deliver because of the decaying rail system and insufficient port capacity. For this reason, the U.S. mission includes representatives of railways, ports and federal agencies involved in coal production, transport and exports.

The mission, headed by Mr William Morris, an assistant secretary for trade development, will try to find European buyers interested in long-term purchases of U.S. coal.

The Commerce Department said it is also demonstrating the Administration's determination to establish itself as "Europe's most reliable and secure coal supplier."

Polish commercial officials in the West said it was clear that the U.S. was chasing Poland's slice of the West European coal market.

The U.S. exported 34.5m tonnes of coal to Western Europe last year, while Poland fell far short of meeting its contracts because of labour protests. Polish coal deliveries fell to 8m tonnes compared with 41m tonnes exported in 1979.

Foreign orders boost for West Midlands

BY LORNE BARLING

AT A TIME of declining world trade and increasing political disruption of world markets, West Midlands exporters of manufactured goods appear to be maintaining and in many instances increasing their level of business abroad, but at low margins.

Although many exporters point out that it is hard to detect a trend in overseas markets because they are complicated by currency movements, diverging interest rates and third party competition, recent figures from the West Midlands Regional Chambers of Commerce show a steady improvement in export orders and deliveries over the past three months.

In the first quarter of this year, a third of 367 companies taking part in a survey said that export deliveries had increased, compared with 26 per cent in the final quarter of 1981, while 36 per cent had improved their export order books against 28 per cent in December.

A high proportion of companies involved in the survey were small manufacturing and engineering concerns, many of which have been forced into export markets as a result of falling demand at home.

Mr Brian Varley, the Department of Trade's regional director, exports, believes that this qualified success is partly attributable to the enforced perseverance of companies in export markets during an unusually long recession.

"A downturn in the UK economy has always led to ad hoc export efforts, but this time companies have committed themselves more thoroughly, increasing export staff and broadening their markets," he said.

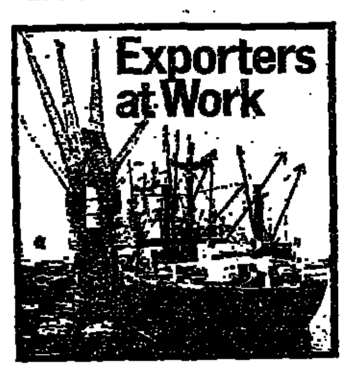
Although profit margins on exports were often low, companies would probably be unwilling to give up hard-won business abroad. It was therefore hoped that they would be able to cope with slowly rising demand at home without relinquishing exports.

Mr Varley pointed out that the Government's aid scheme for the purchase of new machine tools and other capital equipment by small companies had resulted in a flood of applications, indicating that industry wanted to be in a position to meet higher demand at lower unit cost.

"For any small company, the installation of a numerically controlled machine tool increases capacity enormously, and it is smaller concerns which will need this capacity for subcontracting work," he said, suggesting that recent economies at large engineering concerns would make this necessary.

Sectors which had been unable to make much headway in export markets, and indeed suffered from competition from imports, remained those producing lower added value products, Mr Varley pointed out.

However, increased marketing efforts overseas have tended to be at the expense of research and development by the cash-starved smaller companies, Mr Varley believes. Many are living dangerously on exports, exposed to currency fluctuations and political disruption, he warned.



Nevertheless, many exporters were learning to spread their risks over seven or eight markets instead of three or four, and their approach was becoming far more professional.

According to Mr Steve Rankin, regional director of the Confederation of British Industry (CBI), there is increasing concern over worsening recession in two of the UK's key market, West Germany and the U.S. Competition from these countries in third markets is also increasing.

He emphasised that despite signs of improving demand, companies in the West Midlands were having to live with flat markets both at home and abroad. Those which had maintained growth through higher exports had often seen profitability decline.

"The companies which have maintained their margins are those which have been moving up market, getting out of older products and putting resources into innovation,' he said.

The recent export performance of Lucas Industries illustrates this well. In the second half of last year, when sales abroad were valued at £124m, aerospace equipment exports were up by 30 per cent compared with the same period in 1980, while automotive parts were up by 14 per cent, and general industrial equipment was down by nearly 40 per cent.

Lucas, whose aerospace company is the largest of its kind outside the U.S., points out that while the world aircraft industry has suffered setbacks recently, longer term contracts tend to iron out fluctuations in demand and currencies. The company is less optimistic about the U.S. motor industry market, but nevertheless predicts an overall 10 per cent increase in the value of its exports this year.

Another increasingly evident constraint on exports, the CBI points out, is the rising number of problem markets, such as Iran, Nigeria and Poland—all previously big UK customers—and others where it is difficult to obtain Export Credit Guarantee Department (ECGD) cover.

In addition, embargoes such as that on Argentina, and the U.S. restrictions on certain exports to the Soviet Union (which has hit some UK component suppliers) are narrowing down the choice of potential overseas customers and generally depressing trade.

The ECGD's Midlands office also points out that claims for non-payment in Europe and the U.S.—traditionally the safest markets—have also gone up recently, almost certainly as a result of recession.

Most exporters are now acutely aware of the need to improve margins, particularly if they see a long term future in particular markets. Recent low wage increases have been helpful in this respect, but a fall in the value of sterling against European currencies would be widely welcomed.

It is becoming more difficult to increase prices in export markets, due to domestic and foreign competition. Rising ECGD premiums are for some an unavoidable additional cost.

Overall, work forces in the West Midlands have responded well to the need for good quality, competitively priced exports, often in the knowledge that the future of their company may depend on repeat orders.

Sikorsky looks for partners

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SIKORSKY AIRCRAFT, one of the world's biggest manufacturers of helicopters, is seeking international partners to help develop rotary-winged aircraft.

Mr Robert F. Daniell, president of Sikorsky, said at the Hanover Air Show: "We are also looking for long-term collateral development agreements on present and future programmes."

Mr Daniell said that Sikorsky's sales will exceed $1bn (£555m) this year, and will reach almost $2bn by the mid-1980s. Its products include the S-76 commercial helicopter and the H-60 military aircraft.

The H-60 Black Hawk is becoming the standard U.S. military helicopter, and Sikorsky expects to build more than 2,400 aircraft for the U.S. armed forces.

"The threat we all face is that such research and development money we have must be used to its fullest potential. It should not be spent duplicating helicopter technology for each country just for the sake of it.

"Joint efforts represent the most cost effective approach. The results can be shared by everyone and the investment in scarce development dollars can be maximised," he said.

"Also, since our new product lines are very flexible, they can be modified with various different mission suits to a customer's specifications without facing overwhelming development costs."

● Orders for ten of the new Franco-Italian ATR-42 49-seat regional airliners have been announced by U.S. and French airlines.

Avions de Transport Regional, the joint Franco-Italian company building the ATR-42, said that Wright Airlines of Cleveland, Ohio, had ordered eight ATR-42s, for delivery in early 1986, while Air Littoral of Montpellier, France, is buying two aircraft, for delivery in late 1985 and early 1986.

● Aero Lloyd, the West German charter airline, has ordered three McDonnell Douglas DC-9 Series 30 jetliners for service between West Germany and Mediterranean holiday destinations.

Plessey to equip new Grenada airport

BY TONY COZIER IN BRIDGETOWN

PLESSEY AIRPORT of the UK has extended credit to the Grenada Goverment so that it can equip the country's new international airport with navigation, communication, ground handling and electronic equipment.

An agreement by which the Grenada Government would pay 15 per cent of the EC$33m (£9.2m) contract with Plessey in advance while receiving credit for the remaining 85 per cent from the company has been signed by Mr Bernard Coard, the Grenadan Finance Minister, and Plessey Airport's general manager, Mr Derrick Collier.

The airport is being built at a cost of $75m with Cuban technical assistance and a loan from the European Economic Community.

The contract, valued at £6.6m, brings new airport contracts announced by Plessey in the past month to approximately £18m.

The airport will stimulate economic development, in particular the growth of tourism. There is an airport at Pearls, but the new 9,000-ft runway at Port Salines will for the first time offer a landing facility to wide-bodied jets.

The development is on a virgin site where initial civil engineering works including the construction of a causeway are already in progress.

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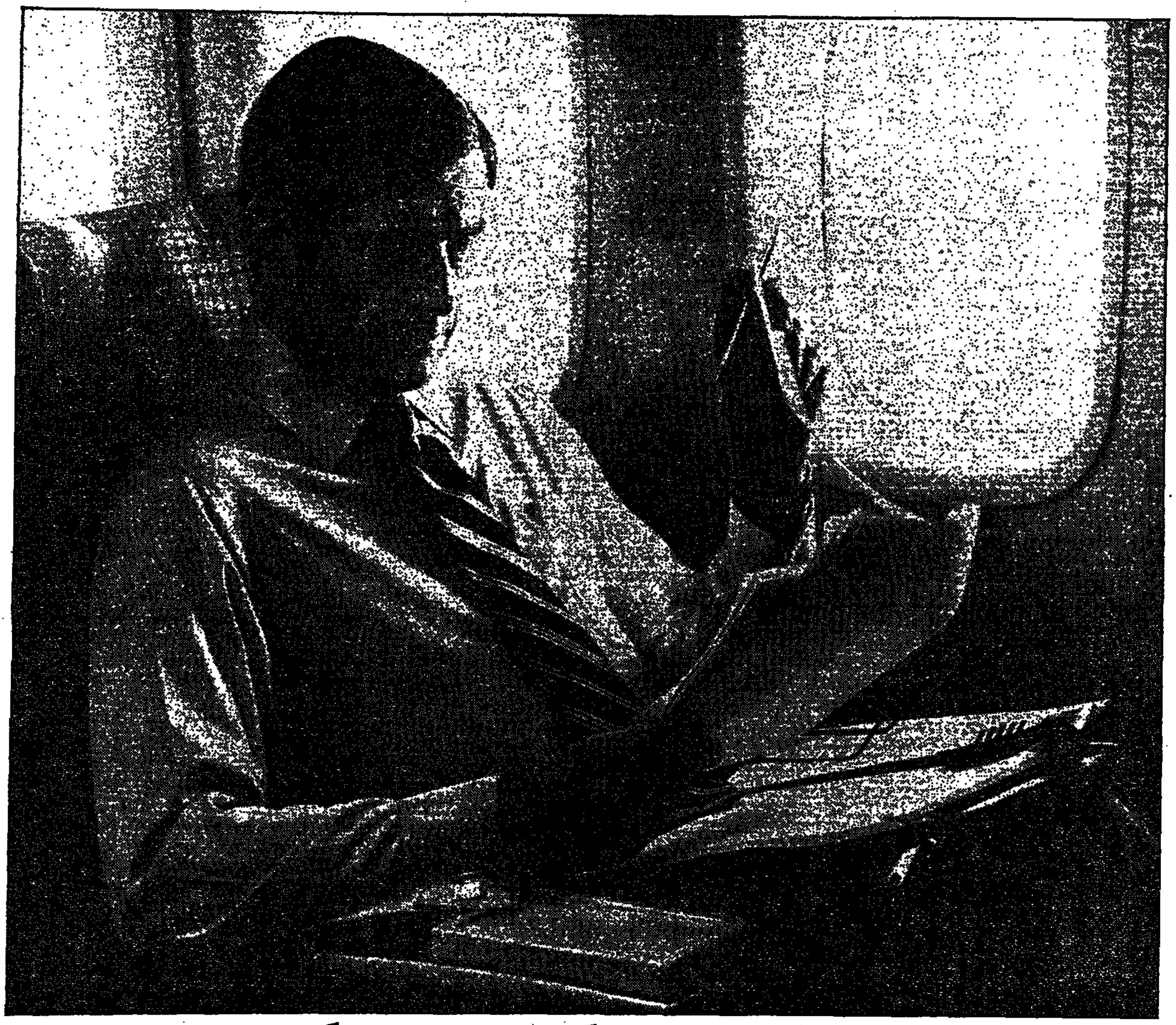

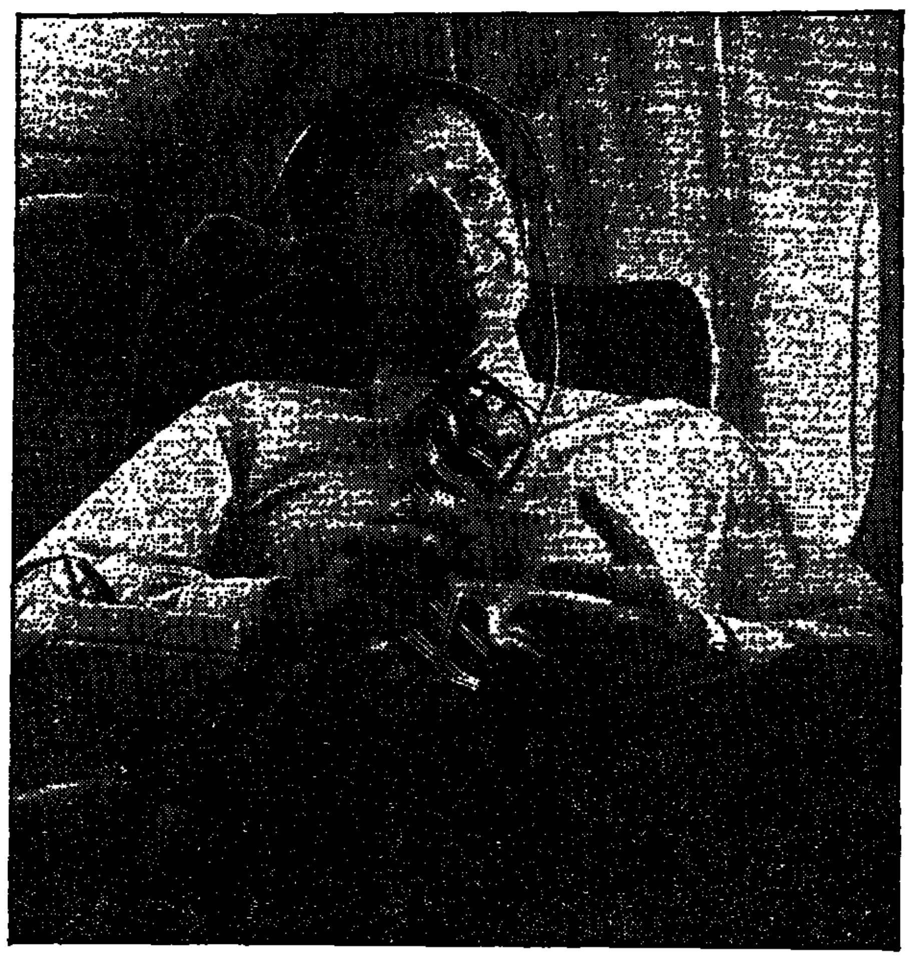

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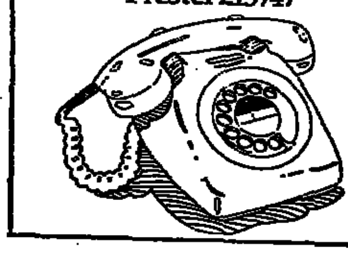

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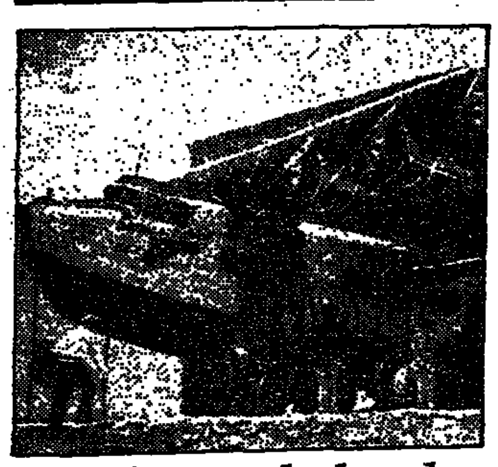

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UK NEWS

Earnings increases lowest for four years

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

HOPES that the inflation rate is now on a firm downward trend were encouraged yesterday by a further slowing down of earnings increases.

The Department of Employment reported that the average increase in earnings during the 12 months to March was 11 per cent, compared with 11.4 per cent in the 12 months to February. After allowing for backdated pay settlements, it is estimated that the underlying annual rate of increase is 10½ per cent, the lowest for four years.

This reflects a continuing moderation in pay settlements which the Confederation of British Industry says averaged 6.7 per cent in April compared with about 7 per cent in the first three months of the year.

Tomorrow the April figures for the retail price index are expected to show a further fall in the annual rate of price inflation, perhaps into single figures. Officials expect the rate will continue to fall, at least for the next few months.

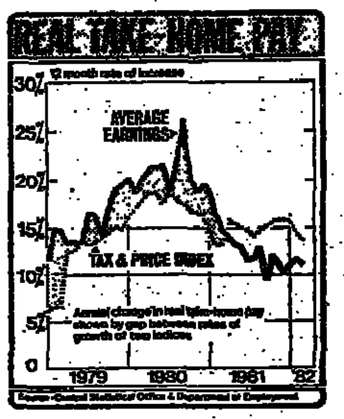
The average earnings figures have been boosted by an increase in the hours of overtime worked when economic activity picked up during the late summer and early autumn.

It is estimated that the increase in overtime and the reduction of short-time working has added about 1 per cent to earnings in the last year.

These moderate increases in wages, together with sharp improvements in manufacturing industry's productivity, have held the annual increase in wage costs per unit of production to an average of only 2.7 per cent for the three months to March.

The latest figures show that the hours of overtime worked in March were 9.9m per week, an increase of 1.8m hours compared with a year earlier. The loss of hours worked through short time working fell from 6.8m hours a week in March 1981 to only 2m hours a week in March this year.

The figures also show a continued slowing down of the annual rate of increase in basic pay. Basic weekly rates increased by 6 per cent in the 12 months to April, compared with an annual rate of 6.8 per cent in March and an annual rate of 9.3 per cent in September last year.



Jessel aims to set up new JFB board

By Ian Rodger

THE former chairman of Johnson and Firth Brown is seeking the support of the special steel group's larger shareholders for the creation of a new supervisory board. Present management would be invited to remain in their managerial positions.

Mr. Oliver Jessel, who last month criticised the JFB board for concentrating increasingly on the steel business, said in a letter that he would not be a candidate for such a board but would be prepared to organise a shareholders' meeting provided the larger ordinary shareholders met the cost.

He said he would not appear at such a meeting to discuss resolutions for such a board "as I would be an inflammatory influence."

Mr Jessel proposed that shareholders who supported his proposal write to him and send at least £5 plus an additional £5 for each 100,000 shares held.

Mr George Hardie, finance director of JFB, said the company had chosen to ignore Mr Jessel's first statement but if he proceeded with a circular to all shareholders, the board might have a responsibility to respond.

Abbey offer to Trust

FOUNTAINS ABBEY in North Yorkshire, and the 680-acre Studley Royal Estate its stands in has been offered to the National Trust.

The offer came from North Yorkshire County Council. Under the deal the National Trust will take over the Council's loan debt of more than £191,000 and save ratepayers an estimated £80,000 a year. If it goes through, the Trust will take over ownership in 1983.

Northampton cuts

Fifty workers are to lose their jobs at the Northampton engineering company, Bell and Webster. A further 25 workers are being made redundant at the nearby engineering company, Covallen of Rushden.

Mr George Blackwell, a full time official with the Engineering Union said "The genral situation in the industry is causing grave concern. Many engineers with years of experience are now out of work."

Mail order company, BL Marketing, a subsidiary of cereal firm Weetabix, is to close its offices at Kettering, Northants at the end of July with the loss of 100 jobs. The recession has been blamed for the closure.

Kolor closure

Stoke-on-Trent stationery company, Kolor Continuous, is to close with the loss of 170 jobs. Some 120 of the redundancies will be in the Potteries and at the company's sister factory at Preston, Lancashire. The company blamed the recession for the closure.

Energy costs 'threaten ICI chlorine output'

BY NICK GARNETT, NORTHERN CORRESPONDENT

ICI MIGHT be forced to shut down some chlorine-making capacity because of electricity costs, unless energy pricing became more equitable with that for foreign competitors, Mr John Harvey-Jones, its chairman, said yesterday.

The company would do all it could, in terms of technology and productivity, to "hang in" as long as it could but at some point relatively high-cost power would prevent it being able to "support" some of its processes.

Unless a long-term solution were found there was certainly no case for more investment in its chlorine-production plants in north-west and north-east England.

Electricity consumes 60 per cent of operating costs for most of ICI's chlorine-making plants, though the disproportionate impact of energy-pricing for its UK operations is cut when chlorine is used as an additive in making other products.

While acknowledging the Government has assisted industry Mr Harvey-Jones said he did not share ministers' apparent view that electricity prices would rise sharply for ICI's foreign competitors.

The company could see nothing, in terms of technology or productivity, able to offset its electrical-cost disadvantage.

Speakin gat the opening of a £40m chloromethane plant at Runcorn, Cheshire, the largest of its kind in the world, Mr Harvey-Jones said ICI's performance had to be based on raising sales, partly by emphasising product uniqueness, building world-scale plants and improving productivity.

He saw no relief in the trend of manpower cut. ICI, with a 74,000 workforce has shed about 17,000 jobs in the past two years.

The chairman saw no prospect of real general growth but the rate of manpower cuts was directly geared to ICI's success in developing markets. Mr Harvey-Jones said the Mond division with its headquarters at Runcorn had been doing this successfully.

The new Cheshire plant doubles ICI's choromethane capacity - producing. It is designed largely to expand European sales. Three-quarters of the 100,000-tonnes-a-year output of the main product, methylene chloride, a non-inflammable solvent used in paint-strippers, pharmaceuticals-making and other general solvents, is for export.

ICI is developing new outlets for this product, including North America and Japan. Growth prospects are less buoyant now than when the plant was authorised three years ago but the company says there is still the prospect of 5 per cent a year growth.

Two other materials made by the plant are chloroform and methyle chloride.

U.S. set to step up pressure for European gas plan

BY RAY DAFTER, ENERGY EDITOR

MR NIGEL LAWSON, Energy Secretary, is expected to come under renewed U.S. pressure to encourage the UK gas industry to co-operate more fully in an integrated European gas distribution system.

The issue will almost certainly be raised when Mr James Edwards, the U.S. Secretary for Energy, visits the UK next month. Both ministers are due to speak at the International Association of Energy Economists' annual conference in Cambridge between June 28 and 30.

Mr Edwards is expected to take the opportunity to raise with Mr Lawson the Reagan Administration's continuing concern about the projected growth in European imports of Soviet natural gas.

Mr Edwards wants to see North Sea producers—particularly the UK and Norway—playing a bigger part in supplying gas to the Continent.

The UK remains a net importer of gas and has no immediate plans for exports. But the Government has hinted that should large quantities of gas be found as a result of the expected resurgence in exploration, some exports might be considered. Significantly, the newly-announced eighth round of offshore licences is to include blocks in the southern gas-producing area of the North Sea.

The UK's position is understood to have been accepted by the Reagan Administration. Even so, Mr Edwards is likely to urge the UK to co-operate with Norway in the establishment an an integrated pipeline network—perhaps using the UK as a "land bridge" so that North Sea gas could be more readily transported to the Continent.

The U.S. has spoken out strongly about proposals to pipe large quantities of Siberian natural gas to several West European countries. There are two main reasons for President Reagan's concern. He feels that some countries, like West Germany and France, could become too dependent on Soviet supplies, thus impairing their energy security. He is also worried about the extra hard currency that will flow to the Soviet Union; money, he feels, which could be used for military expansion.

More gas discovered in North Sea's Bruce Field

BY OUR ENERGY EDITOR

AN OIL EXPLORATION consortium led by the U.S. Hamilton Brothers Group has found more natural gas in its promising Bruce Field in the North Sea.

Results of two newly-drilled wells have considerably enhanced prospects for a field development programme costing hundreds of millions of pounds.

But partners in the venture will carry out more seismic exploration and appraisal drilling before they commit themselves to development. The field, some 240 miles north-east of Aberdeen, could provide the UK with much-needed supplies of natural gas in the late 1980s and 1990s.

Hamilton Brothers said yesterday that one well, drilled on Block 9/8, yielded more than 20m cubic feet a day of natural gas and 2,300 barrels a day of very light oil, known as condensate. The condensate had a specific gravity of 52 degrees API (American Petroleum Institute).

The other well tested three separate sections of reservoir rocks. Gas flowed at rates of up to 26m cu ft a day, while condensate was produced at 4,500 barrels a day.

Hamilton said that both wells had been sealed and "suspended," a hint that they might later be used for production. It is unlikely that Hamilton and its neighbours, a consortium led by British Petroleum thought to share part of the Bruce Field reserves, can submit a development application to the Energy Department before well into next year.

The field already looks a potentially commercial prospect.

The two groups have still to decide which company will be operator of the field and on ways of bringing the gas ashore. The Bruce Field was to have been a reservoir connected to the Government's abandoned £2.7bn gas-gathering system.

Partners in Block 9/8 are: Hamilton Brothers (14 per cent); Hamilton International (22.33 per cent); BP Petroleum Development (30.33 per cent); RTZ Oil and Gas (23.33 per cent); Blackfriars Oil (8.33 per cent); and Trans-European (1.67 per cent).

The same companies, and British National Oil Corporation, have interests in the adjoining Block 9/9.

Agrochemical exports increased by 15% last year

BY SUE CAMERON, CHEMICALS CORRESPONDENT

UK EXPORTS of agrochemicals jumped by 15 per cent last year to £212.4m, according to figures released yesterday by the British Agrochemicals Association.

Britain now ranks third in the world league of agrochemical exporters after the U.S. and West Germany, says the association.

The statistics—based on data from the association's member companies—show that the total value of British agrochemical sales last year was £454.8m, 16 per cent higher than in 1980.

Sales in the UK accounted for £242.4m of the total, and were 17 per cent higher than in the previous year.

In the UK, sales of garden weedkillers and insecticides grew strongly during the year, increasing by 31 per cent and 25 per cent respectively. The biggest growth in the export sector was in fungicides, where sales went up by 23 per cent.

The increase in agrochemical sales is in contrast to figures for other sectors of the chemical industry — notably petrochemicals—where demand is still depressed.

Yesterday the association stressed that the agrochemical industry had achieved very "creditable growth" last year "despite the gloomy outlook following difficult economic conditions the previous year."

But the association claimed that, while sales had increased, profits had not done so—at least in real terms.

It said severe competition in the British agrochemical market had been intensified in the second half of last year by the activities of parallel importers—companies which take advantage of price differentials between the UK and the Continent on identical products.

Last night, at the association's annual dinner in London, Dr Derek Cornthwaite, the new chairman, made a plea to the Government to extend agrochemical patents. He said the need to meet regulations on safety and efficacy could take five years off the patent life of an agrochemical.

Police 'must not be caught out by mob violence'

BY LISA WOOD

THE POLICE must never again be caught unprepared for "mob violence" on the scale experienced in last summer's riots, Mr James Jardine, the retiring chairman of the Police Federation, said yesterday.

He also told the federation's conference at Scarborough that the issue of adequate police protective equipment to deal with riots should not depend on the whim of a chief constable or the political view of a police authority.

"This must be a matter for central policy decisions and for uniform standards throughout the country," he said. He told Mr William Whitelaw, Home Secretary, and conference delegates that the cost of the equipment should not fall on local authorities.

Mr Jardine, who is retiring after six years as chairman of the federation, said that 1981 would go down as a dramatic year in police history. "Let it be understood, however, that the policet must never be caught unprepared for mob violence on such a scale."

Expressing reservations on some recommendations made by Lord Scarman in his report on last year's riots, Mr Jardine opposed racial discrimination becoming a specific offence under the police discipline code.

On Lord Scarman's recommendation to increase the number of black police recruits, he said the Police Federation would welcome wider recruitment from ethnic communities but, "we must never lower our entry standards simply to accommodate people we would not otherwise accept."

Hopes fade for De Lorean as deadline approaches

BY JOHN GRIFFITHS

THE receivers of the Belfast-based De Lorean sports car venture are expected to make a statement at the end of this week on prospects for the plant. They have said the plant can be kept operating only until the end of this month in the absence of a satisfactory financial rescue.

Sir Kenneth Cork and Mr Paul Shewell, the joint receivers, are declining to comment on Mr John De Lorean's efforts to conclude an agreement with New York property developer Mr Peter Kalikow under which Mr Kalikow would inject $35m (£19.3m) into the De Lorean enterprise.

Sir Kenneth said on April 23 that rescue proposals put forward then by Mr De Lorean which involved Mr Kalikow as the main potential rescuer, provided the basis for an agreement. But four days have passed since the date by which an agreement was to have been concluded and there are signs the rescue package has run into

Mr De Lorean said when the proposals were put to Sir Kenneth that they involved a takeover of both the U.S. and Belfast companies—only the latter is in receivership—with the new owners assuming the £23m mortgage for the plant. First lien on this is held by the Government, which invested £67m in the venture.

It now appears, however, that Mr Kalikow's main interest lies with the U.S. marketing end of the operation, which would leave the future of the UK operation unresolved.

A further difficulty is looming in regard to Bank of America, which is understood to be seeking repayment next week of some $5.3m outstanding from the U.S. De Lorean Motor Company for financing of stocks. The bank seized nearly 2,000 cars after the Belfast company went into receivership in February against a total of $19m outstanding in stock finance, but was paid nearly $14m last month by De Lorean after the sale of 1,200 cars to a liquidation company.

Although time appears to be fast running out, Mr De Lorean is still confident that a rescue deal can be worked out by the end of the month.

He may now be looking to further investors to help him rescue the Belfast plant. Yesterday, it was again suggested that Mr De Lorean hopes to draw in as a potential investor an unnamed Southern Californian financial institution which he has referred to several times.

But the developments of the past few days have done little to offset mounting scepticism over a rescue being achieved. The 1,500 workers at the plant are expected to be summoned to a meeting with the receivers this week to be told of their employment prospects beyond the end of next week.

Meanwhile, sales of the $25,000 gull-winged sports cars, despite the release of more cars after the partial settlement with Bank of America, have fallen.

Mr Mike Colvin, of Estate Motors at Golden Bridge, New York, said his company was now painting the cars and that they were being discounted to the $20,000 level.

"We're still selling them and the interest is still there. But they are sticking." Sales had come down to "one or two" a month and were not helped by the company's financial problems, or the high interest rates and the depressed U.S. economy — "even our Mercedes sales have dropped off."

Mr Nelson Van Atta, vice-president of Van Atta Buick in Binghamton, said his company had sold eight De Lorean cars and "we've still got a couple in stock." It had last placed an order for De Loreans five months ago.

The irony is that, despite De Lorean's financial troubles, both dealers stressed that they thought the car could be a winner. According to Mike Colvin: "I drive one all the time — it's very well made and I love it."

BR 'not considering passengers adequately'

By Hazel Duffy, Transport Correspondent

BRITISH RAIL passengers are not being considered or consulted adequately in BR's drive to meet its rigid financial targets, says the Central Transport Consultative Committee, the official consumer watchdog for rail passengers.

Mrs Alison Munro, chairman of the committee, says in the annual report published yesterday: "There are disturbing signs that management have precipitated into crude and hurriedly conceived reductions in the service before passenger interest has been adequately considered or consulted. They include, for instance, early evening closure of stations, overcrowding on some lines and timetable adjustments which materially affect the established pattern of service to the greater inconvenience of some groups of passengers."

The committee, which coordinates the activities of 11 Transport Users Consultative Committees, sees its primary roles as "bridging the gap, which is most apparent in times of financial restraint, between the passengers and commercial interests of the railways."

Although anxious to see BR improve productivity, it has decided to concentrate its resources on quality of service. The committee sees the consumer's interest as being most at risk on those parts of the rail network which fulfil a social need, such as the commuter and provincial services, where BR is less exposed than in its Inter-City and freight operations.

The marked deterioration in quality of service on the London and South-East commuter lines comes in for particular criticism from the committee.

It says it was told by the British Railways Board that the board is under strong pressure from the Department of Transport to reduce peak period services to save money. The committee says more emphasis should be placed on stimulating demand rather than simply reducing supply.

In its submission to the Transport Secretary, the committee urges that he select the medium load factor option for these commuter services. It argues that under the higher load factor option outlined in the policy document the number of passengers being forced to stand for the duration of their journeys would "seriously worsen travelling conditions," particularly on outer suburban lines.

Losses of shipowner assessed at $77,400

By Raymond Hughes, Law Courts Correspondent

THE Greek owner of the 22,670 ton bulk carrier Anangel Glory suffered losses totalling $77,400 (£42,551) when a court injunction frustrated a potential charter of the vessel, a judge decided yesterday.

Anangel Glory Compania Naviera, part of the Piraeus-based Anangel Shipping Enterprises Group, will, however, have to await the outcome of further court proceedings before getting the money.

Judge Stabb, a High Court Official Referee, said yesterday that in May 1979, Anangel chartered the vessel to Trade and Marine, of Hamburg, to carry grain from Australia to Basrah.

Three weeks later Anangel withdrew the vessel for alleged non-payment of the daily hire and began negotiations for a charter to World Circle.

Before an agreement had been reached, Unimarine, a company apparently associated with Trade and Marine, obtained a High Court injunction restraining the withdrawal of the vessel from Trade and Marine.

The court subsequently cancelled the injunction, directed an inquiry into the damage suffered by Anangel as a result of it, and ordered Unimarine to pay the legal costs on the ground that it had not been the proper party to take the matter to court.

After the cancellation Anangel chartered the vessel to Furness Withy.

Judge Stabb concluded from an examination of a record of Anangel's negotiations with World Circle that only the imposition of the injunction had stopped a 50-day charter being agreed.

He assessed Anangel's loss by comparing what it would have received under the World Circle charter with what it actually received from Furness Withy during the 38 days that the two charter periods overlapped.

Payment of the damages will have to await the outcome of a pending Commercial Court action in which Trade and Marine will allege that Anangel wrongfully withdrew the vessel.

If that case is not brought before the court fairly soon, Anangel is likely to go to court itself and seek an order that Unimarine pay it the $77,400.

Crown Agents produces £2.28m gross surplus

BY PAUL CHEESERIGHT

THE Crown Agents, reorganised and rationalised since losing about £200m on property deals in the mid-1970s, last year had an operating surplus of £2.28m, compared with £2.05m in 1980, its first year of operation since incorporation by Act of Parliament.

After paying tax and an interest payment of £1.29m on the £30m provided by the Government as initial capital, however, the net surplus, before an extraordinary item, was £912,000, compared with £1.09m in 1980.

Last year the Agents repaid £6.77m to the Government, after the sale of a London property, and in March £2.23m more was returned. A commencing capital debt of £21m was left.

The Agents just managed to hold its head above the water, said Mr Sidney Eburne, its chairman, yesterday, but 1982 will be just as difficult.

It might be worse because the Agents is active in the developing world, providing services and procuring goods for public-sector bodies, in a reassertion of its traditional role.

Developing countries, however, are caught in the world recession at a time the British aid budget, much of which is administered by the Agents, is declining.

This forced the Agents to seek expansion of its services, mainly in areas where it is established already. More than 80 per cent of its income last year was drawn from Africa, South and South-East Asia, the Pacific, Europe and the Mediterranean.

The Agents are looking at South America as a potential market but Mr Eburne said resources had to be husbanded. "We've got to concentrate on serving those principals we already have."

This broad strategy is being acted out against the background of continued effort to unscramble the losses made on property in the UK and Australia in the 1970s. The unscrambling was hived off to a separate set of accounts.

Australian property is being sold for about £180m. The sale should be completed by the end of next month, resulting in repayment to the Government of perhaps £5m. The Government provided £175m to prevent the Agents going bankrupt.

The tribunal of inquiry set up by the Home Office to look into the affair is expected to publish its report at the end of next week.

Those who drew the Agents into its losses have long since departed. The present management has engaged in a more active marketing policy in the traditional area of services, coupled with extensive rationalisation of the organisation in the face of the recession.

The Agents staff has fallen from just more than 2,000 to 1,460. Steps have been taken to consolidate the London operation. Of five properties once used one has been sold and two will soon be on the market.

Because there has been less demand for the Agents engineering services, established to build roads and so on, this sector is being reduced. If contracts are won, outside contractors will fulfil them ad hoc.

In the past year the Agents opened an office in Zimbabwe to provide a better service to all southern Africa to provide quicker, more flexible procurement for clients it is buying more goods overseas.

Such orders would not necessarily have come to the UK in the first place and often constitute new business for the Agents.

At the same time the Agents has won ministerial approval to act as prime contractor for multilateral aid agencies, partly to offset the reduced amount of work springing from the UK aid budget. In this role it has won small contracts in recent months in Ghana, Guyana, Jordan, Kenya and Mauritius.

Providing financial services has kept the 1981 figures relatively steady, because the lack of foreign exchange has delayed the flow of orders from places like Kenya and Nigeria. The Agents is negotiating to set up a company in Nigeria with Nigerian equity.

Last year the Agents handled funds worth about £3.4bn for overseas clients, 45 per cent more than in 1980, taking a margin on the transactions it was undertaking on their behalf.

This surge in money-management demand may not last. Crown Agents executives hope only that if the downturn comes it will be after a recovery in other parts of the business.

22.7% cut at DoE in staff

By William Cochrane

THERE was a reduction in staff of 22.7 per cent in the Department of the Environment, including the Property Service Agency, between 1979 and 1982, Mr Michael Heseltine, Environment Secretary, said yesterday. A further decrease of 6 per cent was forecast for 1982-83, he said.

Introducing the third round of his Management Information System for Ministers (Minis) and the latest quarterly manpower figures for the department and related organisations, Mr Heseltine said the 1979-81 reductions—from 50,412 to 38,956 — represented an annual salary saving of £87.6m at 1982-83 prices.

He said an "important qualification" was that department work previously undertaken by direct labour had been done in the private sector. He was unable to say what difference this would have made to savings in direct costs.

Mr Heseltine emphasised that the staff reductions had resulted mainly from natural wastage. In a parliamentary answer to Mr Tim Eggar, Conservative MP for Enfield North, he said there had been 823 redundancies in his department, including the Property Services Agency, between April 1, 1979 and April 1, 1982. "This is only 7.2 per cent of the total reductions achieved, and 1.6 per cent of the staff in post at April 1, 1979."

He said that Minis, launched in spring 1980 following the recommendations of a Rayner Study, had enabled his organisation to be streamlined.

Minis was designed to enable the Secretary to review the work of the department and the PSA. Last year Minis cost £180,000, said Mr Heseltine.

Social scientists have a new supporter. **David Fishlock** reports

Rothschild appeals for plain words

STOP bullying the Social Science Research Council, Lord Rothschild tells the Government in a report published today. It does a good job in almost every respect except self-promotion and if we didn't have it we would have to create it. To dismember the SSRC would be an act of intellectual vandalism, he says.

Politicians had made it plain that they despised the work of social scientists. Lord Rothschild spoke yesterday of the "philistine approach to all learning" displayed by the Public Accounts Committee.

To quote his report: "The need for independence from government departments is particularly important because so much social science research is the stuff of political debate. All such research might prove subversive of government policies because it attempts to submit such policies to empirical trial, with the risk that the judgment may prove to be adverse."

Lord Rothschild goes on to say that it would be "too much to expect ministers to show enthusiasm for research designed to show that their policies were misconceived. But it seems obvious that in many cases the public interest will be served by such research being undertaken."

Sir Keith Joseph, who, as secretary for education and science is responsible for the research councils (see Table 1), asked Lord Rothschild to investigate the smallest, newest (1965) and most meanly endowed of the five.

The SSRC, whose chairman is Dr Michael Posner, the economist, has suffered a 24 per cent cut in its budget in real-money terms in the past five years. This year it will get a mere 5 per cent of the £464m expected to be spent by the research councils.

Unlike the other research councils, it has few facilities for research of its own and is mainly a funding agency for research done elsewhere.

Table 1: Estimated expenditure of the research councils in 1982-83

	£m	%
Science and Engineering Research Council	234.40	51
Medical Research Council	107.43	23
Natural Environment Research Council	57.54	12
Agricultural Research Council	43.62	9
Social Science Research Council	20.90	5
Total	463.89	100

Table 2: Social science research activities and proposed "ultimate customers"

Subject	Proposed ultimate customer
Accountancy	Professional bodies
Management	Businesses in their various groupings and associations
Education	Local education authorities and their associations
Social studies, sociology and psychology	DHSS, local authority social services departments; the NHS; voluntary bodies; the Social Security Advisory Committee
Planning	Local planning authorities and their associations; architects; developers; construction companies; voluntary bodies such as the Civic Trust
Computing	The software companies and associations
Economics	Treasury, banks, and City institutions

It was alleged that Sir Keith resented criticism of his own policies by social scientists. Whatever his reasons, he invited Lord Rothschild to say what areas of the SSRC's purview should be funded by what he called the "ultimate customer" rather than the public purpose, what areas could equally well be done by someone else, and what areas (if any) now covered elsewhere should be researched by the SSRC.

The last time government let Lord Rothschild loose on research policy, a decade ago, his report — blunt almost to the point of rudeness infuriated many researchers and research policymakers. Nevertheless, it provided a realistic basis for public funding of research.

The Rothschild "customer-contractor principle" for applied research—which means most research — states: "The customer says what he wants; the contractor does it (if he can); and the customer pays."

But Lord Rothschild acknowledges that a great deal of important research in the social sciences has no easily defined prospective customer. With the natural sciences the customer is the person who wants to find out whether, and if so how, something can be done. But the customer for applied social sciences "includes all those who have a part to play in the decision-making process."

Just how many and varied are the "ultimate customers" for SSRC research can be judged from Table 2. Lord Rothschild found them "generally in favour of the SSRC."

A well-developed and comparatively respected area of social science is the study of delinquency and crime. But we ought not to expect a general theory of causes and causal factors for use in policy-making. Lord Rothschild warns that it is an area where "commonsense belief" needs checking by empirical inquiry "because emotion can infect common sense."

Although such inquiries may not be sufficiently complex to warrant a research council grant, "the handling of social statistics, and the control of sources of error, does require backing by careful research academic style."

There are three reasons, he concludes, why the Government should continue to fund social science research through the SSRC. First, the less ambitious and better established disciplines—such as human geography, social psychology and social anthropology—generate results and methods of great interest to other disciplines.

Second, society needs an independent check on the credibility of entrenched commonsense beliefs—especially in such emotionally charged areas as race, crime, pornography and drugs—"which may not correspond with the facts."

Third, to abolish or greatly restrict the SSRC would throw a burden upon its customers "which they could not sustain."

Lord Rothschild concludes that the SSRC "should not be dismembered or liquidated" but should in fact be left alone to get on with its job, unhindered either by investigation or further cuts in its budget for at least three years.

Where he is most critical of the SSRC, however, is of its apparent inability to communicate to the man-in-the-street. He calls its efforts at plain speaking "primitive and unprofessional." It suffers from what he condemns as the "succulent bivalve syndrome"—that is, using a pretentious and unfamiliar term where there is a perfectly good one in common currency (in this case, the word oyster). He recommends that it invests £6.40 of a £20.9m budget this year in four copies of Gowers' Plain Words.

An inquiry into the Social Science Research Council by Lord Rothschild. Cmnd 8554. SO. £6.50.

Laser cure for kidney stones

By Elaine Williams

LASERS MIGHT soon be used widely to remove kidney-stones following a breakthrough by specialists at the Institute of Urology, London University.

An institute team under Mr John Wickham, institute director, recently developed a method to remove small stones without the major surgery in common practice today. The laser will be used with this technique, to deal with larger stones.

The principle for the technique is simple. Hollow metal tubes are inserted in the kidney. A small instrument with a tiny basket or grab plucks out small stones of up to 2.5 cm diameter.

Mr Wickham hopes to use the laser to disintegrate larger stones and to remove fragments using the new technique.

Sir George Porter and his Royal Institution team are co-operating with Barr and Stroud, the Glasgow-based company

About 4 per cent of people suffer from kidney-stones, Mr Wickham said. They face a 65 per cent chance of developing a second stone after the first has been removed.

Patients treated conventionally face major surgery and several weeks' convalescence. Under the new method patients suffer little discomfort and are back at work in a few days.

Mr Wickham recently won a European Urology Society award for his work, conducted mainly at St Peter's Hospitals, London.

Aircraft costs 'will cut size of industry'

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

RISING COSTS of new large civil airliners mean that eventually there may be only two major manufacturers—Airbus Industrie in Western Europe and Boeing in the U.S.

Sir Austin Pearce, chairman of British Aerospace, forecast this when he delivered an address on the future of the aerospace industry to the Stock Exchange's Northern Unit Conference in Manchester yesterday.

"Boeing will probably team up with the Japanese which will make for a formidable combination, and then we will have a European consortium which will include the Italians, the Dutch and the Belgians.

"The fact that Airbus Industrie will then have seven partners, rather than four (including the UK) as at present, will make life more difficult for them, but can be offset by national influence in various parts of the world."

He said the fact that there were only two manufacturers could also mean they both made a profit because the market possibly could not sustain three manufacturers.

"It will probably also mean a smaller number of new models. Instead existing models will be modified and upgraded until they have very little resemblance to the original aircraft."

But, he added, this was one way of maximising the use of investments already made, thereby reducing the cost to the manufacturer, the airline and the passenger.

"One could argue that this could lead to monopoly, but I do not think it will," he said. If we had two American companies or two European companies it might, but I doubt if we will change people enough before the end of this decade to bridge the Atlantic gap."

Sir Austin said that in the military field he believed there would be at most two major new combat aircraft projects in Western Europe in the next 10 years.

He envisaged that one project would be based on the British Aerospace P-110 concept which is under development as a private venture.

"There will be considerable competition to produce the missile and avionics systems for this aircraft and the pressures on them will particularly be cost pressures," said Sir Austin.

He felt there would be increasing interest in vertical and short take-off and landing (V/STOL) "but I doubt if we will see supersonic V/STOL before the end of this century, and probably not then.

"A smaller aircraft, probably not too different from today's advanced trainer, will probably be developed to provide numbers, and yet something which is usable by the less sophisticated nations."

He also thought that in the medium-sized airliner market, of the size of the British Aerospace 146, there might be a demand for a limited number of models requiring high flexibility, low operating costs and low-skill maintenance, to which would be added low nuisance value from noise or pollution.

"This is an area into which the Japanese might want to enter by the end of the decade and we will need to beat them at this game.

GLC looks at pension investments

By William Dawkins

THE Greater London Council's Labour majority is to reconsider some of the investments in its care—particularly council pension fund holdings in multinational companies with mining interests in the Third World.

The move has been sparked off by ratepayers' questions about wages and work conditions at Rössing Uranium in Namibia (South-West Africa), a mine in which Rio Tinto-Zinc has a 46.5 per cent share.

To explain its responsibilities to the £500m pension fund, which has £2.6m worth of shares in RTZ's £73.9m share capital, and to decide what action to take, the council will hold a public meeting on May 28. It may then send a representative to RTZ's annual general meeting on June 3.

Other companies may also come under the spotlight, but Mr John McDonnell, chairman of the council's finance committee, who proposed the public meeting, said it was too early to say which.

After the meeting, to which the South-West African People's Organisation has been invited, the council may ask RTZ to review its policy on such matters as the treatment of workers if the council fears conditions at Rössing jeopardise the security of its investment.

RTZ said conditions at the mine were at least as good—if not better—than anywhere else in Africa.

Inquiry urged to reject Stansted airport plan

BY OUR AEROSPACE CORRESPONDENT

REJECTION OF Stansted as the third major airport for London is urged by Sir Colin Buchanan, president of the Council for the Protection of Rural England and one of the country's foremost planning experts, in his evidence to the public planning inquiry into the Stansted plan.

Sir Colin, who will give verbal evidence to the inquiry next week, says in his documentary evidence that much better use could and should be made of available airport capacity outside the South-East of England, and especially in the Midlands —the "industrial heartland" of the country.

Pointing out that there are 32 commercial airports in Britain, Sir Colin says he finds it difficult to believe such a system could not be made to serve the total UK air traffic needs—"perhaps a good deal better than the system we now have, or the system which would obtain with the Stansted option which would be so heavily centred upon London."

Sir Colin says two-thirds of the population live outside the South-East, with some 25m in the industrial heartland.

"Yet by far the largest concentration of airport space is in the South-East, and it is proposed with the help of Stansted to increase the proportion very substantially.

"I suggest we are heading for a crazy distribution of airport space." He suggests that the British Airports Authority should set its sights on the industrial heartland than on Stansted.

"It appears as a curious anomaly that the BAA should own three airports in the South-East and four in Scotland, with nothing in between.

"One is tempted to wonder to what extent the authority's desire to expand Stansted arises simply from the fact it owns it, and what the authority's attitude would be if it happened to own an airport in the middle of England."

Sir Colin urges the aviation authorities to thrash out a new policy and suggests they should consult more with the planning bodies from the start "and not leave it until there is a head-on collision.

"They must not land the country with any more of these huge agonising environmental imbroglios, for they strain the system beyond the limit.

"They should improve their understanding of the growing concern about environmental matters.

"They should have regard for the strenuous, though not nearly sufficient, efforts which have been made since the war to remedy the imbalance of prosperity between the North and South of the country . . . and pay more attention to the role which the regional airports could play in meeting future demands for air travel."

Also, if at the end of the day, a policy of making better use of the existing airport system seems likely to fall short of meeting the full predicted demand, then this should be accepted without panic.

Firemen give two-week strike deadline

BY PHILIP BASSETT, LABOUR CORRESPONDENT

THE GOVERNMENT is watching closely developments in the fire service after a decision yesterday by the *Fire Brigades Union to take* industrial action in two weeks time over an inter-union dispute.

Delegates at the annual conference of the FBU voted overwhelmingly in support of a *17-point plan of industrial* action proposed by the union's *executive over a long running* dispute with the non-TUC affiliated National Association of Fire Officers. Although the FBU claims to represent more than half of the 5,000 fire officers, it has a minority of seats on the employees side of the joint negotiating body.

If no progress is made within two weeks, the *conference decided that industrial* action would begin from the day shift on Monday May 31. The main action will be restrictions on answering emergency calls.

The conference also gave the executive approval to call a series of national one-day strikes if any fire authority refused to pay FBU members taking part in the action.

While the Home Office was *responding to the FBU vote* carefully, it acknowledged the department would be monitoring the position. There was particular cautioun over suggestions that the Government *might re-examine plans to* deploy Green Godess emergency fire engines—in the event of a dispute.

An end to the dispute depends on the outcome of an employers' meeting on Tuesday. Specific *proposals* are expected to be put forward for the employee composition of the now desolved fire officers' representative body.

A special FBU executive meeting *will be held the* following day to consider the proposals.

There were signs that a resolution might be found if employers first determined the number of officers in the two unions.

Executive rebuffed on call for new poll procedure

FIREMEN refused to consider yesterday proposed changes to the election procedures in the Fire Brigades Union. The union's executive had tabled amendments following a TUC inquiry into allegations of irregularities in a recent ballot, reports Philip Bassett.

The decision will leave at least *partially unresolved* what the TUC inquiry's unpublished report into the incident described as "an unfortunate chapter in the history of the union."

Delegates at the FBU conference, *which opened in Bridlington* yesterday, said the executive's confidential recommendations should not be considered by *the conference* as members had not had the opportunity to consider changes to union rules that the proposal would require.

The motion refusing to consider the proposal was carried on a card vote by 25,553 to 12,988. The executive's proposals will now be put to next year's conference following consultations with union branches.

At the centre of the row is the election last year of the FBU's assistant general secretary. Under FBU rules, all national officials are elected for five years by a ballot conducted through the union's branches, with the union's chartered accountants acting as returning officers.

Mr Dick Foggie, the present assistant general secretary was standing for re-election, but for the first time an incumbent FBU official was challenged, *when* Mr Mike Fordham, a national officer, stood against him. Mr Foggie was once thought likely to succeed as *general secretary the late Mr* Terry Parry; although Mr Ken Cameron, another national officer, eventually got the job.

In *the election, Mr Foggie* applied and had the election suspended "pending inquiry, investigation and possible proceedings" after making allegations about an electoral campaign which he said was designed improperly to influence the election against him.

A TUC inquiry was then set up, comprising Lord Wedderburn, Lord McCarthy and Mr George Doughty, former general secretary of the draughtsmans' union. Following the recent submission of the inquiry's undisclosed *report*, the election is now being re-run. Both candidates are standing again and the result should be declared next month.

The inquiry has so far cost the FBU £14,846, according to the latest union figures on legal and other costs with further bills still to come in.

After eight meetings and examining 24 *witnesses* the inquiry committee in general rejected Mr Foggie's allegations. These included *complaints that FBU officers and* executive members had forcefully doubted his competence as an officer; they said *employers no longer had* confidence in him; they claimed he had failed properly to represent the FBU; and he was not *interested in remaining* an FBU official.

Mr Foggie also alleged that an executive member had offered someone a high office in the union in return for backing Mr Fordham. The inquiry thought this was *unlikely*.

In reply, Mr Fordham alleged meetings had been held to secure further branch nominations and support for Mr Foggie, which was against the rule, and that by calling for the inquiry Mr Foggie was deliberately seeking to subvert FBU election procedures.

The inquiry said that since the considerable impact on the union of the first-ever national firemen's strike in 1977, union members had started to examine the work of union officials much more closely

"This change has been one of the factors—perhaps a major one—leading to more contested elections within the union and more candidates standing in these elections than before," it added.

The inquiry recommended new election guidelines and the establishment of an election appeals committee. These recommendations formed the basis of the executive's rejected proposals yesterday.

But in addition, the inquiry recommended that the union's chartered accountants should take almost total control of all *election procedures including* the dispatch and receipt of nominations and ballot papers. A system should be introduced to provide ballot papers in separate envelopes for individual union members. The executive did not take up these proposals.

The executive's confidential rejected proposals, due to have been considered in a closed session of the conference yesterday, said that:

- All election candidates should have an equal right to union services and resources.
- Full-time officials should give only "positive information" about candidates.
- *Regional and branch* committees should not make recommendations about individual candidates.
- No attacks should be made on absent candidates' integrity.
- No unofficial election literature should be circulated.

In addition, the executive proposed an electoral appeals committee, which could call witnesses to consider allegations into alleged electoral malpractices. Its findings would be binding on all members, subject *to ratification by the FBU conference.*

Action plan to save packaging factory

By Our Labour Editor

THE Society of Graphical and Allied Trades, *the biggest* union in the print and publishing industry, has threatened widespread industrial action against the closure by the Unilever Corporation of its Austen Packaging plant in Merseyside.

The action, if taken, could extend throughout the contract printing and packaging industries and hit national and provincial newspapers.

A motion at the union's conference in *Bournemouth* yesterday said that the company aimed to transfer production of cartons and other packaging to its *Continental* plants, then to import the products back in to the UK "at the expense of British workers."

However, a call for strike action has been delayed pending an attempt by Mr Bill Keys, the union's general secretary, to find a settlement with the company.

The deferred motion says that "Unilever is a multinational *corporation of great size and* power but we believe that we either submit or fight."

The union is taking a militant stance because it feels that unless a firm stand is taken against continued closures and transfer of production abroad, the packaging industry will be cut to a fraction of its present size.

The 450 workers at Austen Packaging have mounted a *sit-in at the plant since last* Friday.

Print union leader to press for TUC pull-out from Neddy

BY JOHN LLOYD, LABOUR EDITOR

A MAJOR attack on the TUC's continued participation in the National Economic Development Council — the country's main tripartite forum (Neddy) — will be launched at the TUC Congress in September.

A motion from the Society of Graphical and Allied Trades (Sogat) the biggest print union to Congress, will call for an end to participation and for a general review of the union's attitude to tripartism.

Leaders of left-led unions believe that bitter hostility to *the forthcoming employment* legislation and the continued rise in unemployment, will produce a majority at congress for *withdrawal from Neddy* — despite present opposition by centrist and right-led unions and by the TUC itself.

The move is a sign of the impatience felt by a powerful group of unions — including the Transport and General Workers' Union, the country's biggest — over what they see as the deliberate pace of campaign of opposition to the Government. It is an attempt to quicken its tempo beyond that already agreed by the TUC General Council and by the special conference of union executives last month.

If successful, the decision to end participation in the NEDC would mark the first withdrawal by the TUC in the almost *20 years of the council's* existence.

Mr Bill Keys, Sogat general secretary, is chairman of the TUC's powerful employment, policy and organisation committee which is co-ordinating opposition to the Employment Bill, introduced by Mr Norman Tebbit, Employment Secretary.

A further motion passed by the Sogat delegatese calls on the TUC to expel any union found collaborating with the employment legislation.

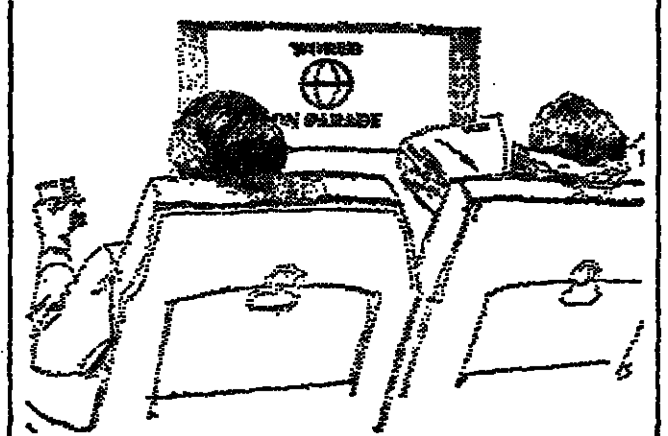
Mr Keys told his conference yesterday: "We should not be participating as a trade union movement with the NEDC or any of its associated bodies. How can we sit down with people in tropartite forum and talk with a government that has put 3m-4m on the streets?"

Mr Keys said that the union should "*fight this through*" at Congress, and that it should examine 'the whole philosophy of tripartism" at the same time.

Mr Keys championship of the campaign against tripartism has already caused heated discussions within the TUC and will anger union leaders who believe that the campaign should confine itself to the agreed issues and that the NEDC and its sectoral committees and working parties are valuable to the unions.

In his speech, Mr Keys told delegates that they would be instructed under the discipline of the rule book not to obey the *Jebbit Act.*

In particular, they should maintain all closed shops—a standard feature of the British *industry—and seek* to extend them. Members should not participate in the closed shop ballots called for under the legislation.



Drug group staff win 14.5% rise

By Our Labour Staff

THE ASSOCIATION of Scientific, Technical and Managerial Staff has won a pay rise averaging 14.5 per cent for 4,000 white-collar staff of the Wellcome pharmaceutical company.

An 11 per cent increase on basic, which goes to all 7,500 Wellcome employees, is supplemented for the white-collar staff by a 3 to 4 per cent merit increase, and a 3.6 per cent increase in pension entitlement.

Mr Roger Lyons, ASTMS national officer, estimated the *total increase at 18 per cent*, which he said would be treated as a pace-setter in the industry.

Summer flights threat

MORE THAN 1,500 engineering and maintenance staff at Heathrow airport have voted to give shop stewards the power to call sudden stoppages at peak holiday weekends this summer.

The Amalgamated Union of Engineering Workers has put in a claim for a substantial pay increase, but British Airways has said that no pay offer can be made until September.

Saturday banking

MR JACK BRITZ, general secretary of the Clearing Bank Union, will be writing to Barclays to complain that their decision to open 400 banks on Saturday breaks a national working arrangement from 1968, and also contravenes the national agreement on the 35-hour week.

The CBU, who represent over half of Barclay's 70,000 clerical staff will be rasing the issue at the next Joint National Committee.

Sugar beet harvest

UNION LEADERS havethreatened to halt this year's sugar beet harvest at the British *Sugar Corporation's* 13 processing factories, unless the company improves its pay offer which the main union, *the Transport and General* Workers Union, estimates at 5 to 8 per cent.

A conference representing *about* 5,000 process workers, foremen and clerical grades at all 16 BSC factories rejected the offer. The company estimate the offer—*taking* into account last years 39-hour week deal—to be worth 8 to 11 per cent.

Building pay package

NEGOTIATORS for half a million construction workers yesterday accepted a 7.2 per cent pay and conditions package at a *meeting* of the National *Joint Council for the* Building Industry.

Call for shop stewards aboard ships

By Brian Groom, Labour Staff

THE NATIONAL UNION *of* Seamen is to press employers to accept a system of shop stewards on ships with wide-ranging rights of negotiation and consultation.

The union's biennial delegate *meeting at Tenby, Dyfed, agreed* to set up ship board branches in a radical extension of its shore-based organisation.

The aim is to cure the 35,000-strong union's long-standing problems of apathy by members, *75 per cent of* whom are at sea at any time.

Mr Jim Slater, general secretary, said it would strengthen members' ability to take collective action on issues which immediately concerned them.

The union will urge individual companies to sign variants of a model agreement on representation, covering day-to-day issues aboard *ship and* company-wide issues such as negotiations on terms and conditions of employment.

This could have considerable bearing on present moves to depart from the industry's *national wage agreements*. Proposals for separate pay talks have been made by UK shipowners, including BP, Furness Withy and Ocean *Trading and* Transport.

The companies wanted to be exempted from national strikes and other industrial action arising from disputes with other owners, and would pay wages above nationally-agreed levels.

The union is committed in principle to separate talks, but is worried that the "no strike" clause could take away its national strength. However, it reached a deal with Esso earlier this year which included the pledge on industrial action.

Strengthened in-company representation might be seen as a necessary safeguard from dangers of company-by-company bargaining.

Seamen in a number of companies, particularly in the ferry ports, already have representation and bargaining arrangements.

The NUS fears that moves by some employers, particularly in the deep-sea sector, for consultative procedures on their own *terms* will result *in* "sweetheart unions."

NUS affairs have traditionally been dominated by ferry and "short-sea" members, but the proposed representative arrangements would give new strength to the two-thirds who work in deep-sea ships.

"The best and obvious place our members could influence the *behaviour of employers is on* board the ship," Mr Slater said.

Aslef backs health unions

BY OUR LABOUR STAFF

A PLEDGE of solid support for health workers taking industrial action to back their 12 per cent pay claim come yesterday from the annual conference of the *Associated Society of Locomotive* Engineers and Firemen.

Mr Ray Buckton, general secretary, praised the dedication of health service workers and said they were quite justified in taking action to defend their inadequate standards of living.

The conference agreed unanimously to give £500 to the heatlh unions involved.

Most of the 16,000 *university* technicians will start a campaign of industrial action unless a "final" pay offer of 4 per cent, *and a nil offer for trainees, is* improved.

The Association of Scientific, Technical and Managerial Staffs, which represents 80 per cent of tehcnicians some of whom work on sicentific and medical research, says a series of stoppoges of a minimum of three hours a week will begin next week.

Tebbit Bill wins Third Reading by 95 votes

By Ivor Owen

SOCIAL DEMOCRATIC Party leaders were ridiculed by Mr Norman Tebbit, the Employment Secretary, in the Commons last night when they refused to vote for the Third Reading of the Employment Bill.

He said their solution to the problem of avoiding a repetition of the party's three-way split on the Second Reading — some voted for the Bill, others against and some abstained—had been a "positive and courageous decision to abstain."

To Government cheers Mr Tebbit claimed: "The party that startd off to get the 'don't knows' to join them has joined the 'don't knows'."

The Bill, which curbs the legal immunities of trade unions and introduces safeguards for workers who lose their jobs through the closed shop, was given a Third Reading by 95 votes (319-224).

The Bill, which received 106 majority on the Second Reading, now goes to th House of Lords.

Mr Tebbitt brushed aside pledges from the Opposition front bench that the next Labour Government would repeal the Bill.

He argued that there was more likelihood of the next parliament containing a majority for further measures of trade union reform—"perhaps for example to democratise the trade unions."

He described many procedures now used for the election of senior trade union officers as highly unsatisfactory.

Time and time again, he said, there were challenges in the courts alleging ballot rigging and other malpractices.

Mr Tebbitt said there had also ben instances where trade union officials had been elected for life on the basis of unrepresentative ballots.

He urged that the trade unions would reform their own procedures, but added that he hoped they would not try the patience of the public too far because there would then be "irresistible pressure for legislation."

Mr Harold Walker, who made the final speech from the Opposition front bench, reaffirmed Labour's pledge to repeal the Bill and all other anti-trade union measures which reached the Statute Book during the lifetime of the present parliament.

He warned that some people might decide not to obey the new law

Britain to seek permanent legal Community veto

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

BRITAIN WILL try to have the right to veto on matters of national interest permanently and legally enshrined in EEC procedures, Mr Peter Walker, Minister of Agriculture, indicated in the Commnos yesterday.

He told MPs that Mr Francis Pym, the Foreign Secretary, will press for this at a meeting of the Council of Ministers next week.

Mr Walker was making a statement to the House on the dispute over Community agricultural increases which were vote of EEC ministers on Tuesday, against the wishes of the UK.

The voting effectively ended the "Luxembourg compromise" which gave a member country an unofficial right to veto proposals which it considered to be against its nationa linterest.

Despite protests from some MPs yesterday Mr Walker insisted that the 10.7 per cent increase had to come into effect today although Britain had reservations on certain points in the agreement.

He refused to give an undertaking to anti-Marketeer Mr Douglas Jay (Lab Battersea North) that Britain would withhold its budgetary payments until the EEC "breach of faith" over the voting procedure was reversed.

Mr Walker said that although the European Commission was delighted by the breach of the Luxembourg compromise the result would be that something "more permanently enshrined and legally binding" would have to be inserted into Community practice.

He told Mr Norman Buchan, Labour's agriculture spokesman that the power of veto in the national interest must continue in such a way that "nobody at any time can break that particular agreement."

He said the present "major crisis" had created a situation where this might well happen. It was a matter which Mr Pym would be taking up urgently at the Council of Ministers' meeting next week.

It was no secret, said Mr Walker, that the Commission had always been opposed to the Luxembourg compromise and had favoured majority voting.

He accused the Commission of having done everything possible to encourage those countries using the majority vote to get the farm price increase accepted.

Mr Walker said the effect of the farm price increase was to add a quarter of 1 per cent to the retail price index in the UK in a year and 1½ per cent to the food price index. The benefits to the consumers of the beef premium scheme, the sheep meat rgime and the butter subsidy would be worth some hundreds of millions of pounds depending on the market situation.

The settlement was likely to mean an extra cost of £900m in a full year on the European budget, while the additional annual cost to Britain was about £120m.

This, he said, emphasised the importance of agreement on the adjustment of Britain's contributions.

From the Labour backbenches there were demands that Britain should now quit the Market. From the Opposition front bench Mr Buchan said the conditions under which Britain entered the EEC had been broken, and "the whole issue of our continuing relations in this form will be at issue."

Mr Walker rejected demands for withdrawal but said there was now a strong duty on the Community to agree quickly to the budgetary changes Britain was seeking.

Considerable concern was expressed on both sides of the House that having overriden Britain on agriculture prices the EEC would now do the same over the introduction of the Common Fishery Policy.

Mr Teddy Taylor (Con, Southend East) asked for an undertaking that under no circumstances would Mr Walker accept a majority Community vote on this subject.

Mr Walker replied: "Yes, I confirm that and make it absolutely clear now."

There were taunts from the Labour back benches when Mr Roy Jenkins (SDP, Hillhead) former president of the European Commission, said the Luxembourg compromise must apply to everybody or nobody. There could be no question that the compromise could remain intact after what had happened on Tuesday.

Labour calls for halt to EEC budget contributions

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

LABOUR'S national executive committee passed an emergency resolution yesterday urging the Government to halt all payments to the EEC budget and to consider a policy of non-co-operation in all EEC institutions as a response to the European farm ministers' decision on Tuesday to ignore the British veto and force through price increases.

But—in a sign of continuing tension within the party over the EEC—Mr Denis Healey, Labour's shadow Foreign Secretary, refused to support part of the resolution. He voted against an amendment to the motion successfully moved by Mr Tony Benn maintaining that events in Brussels had confirmed the wisdom of Labour's policy of withdrawal from the EEC.

Later in the meeting Mr Benn had another success when he inserted into Labour's industrial strategy a commitment to give the Bank of England radical new powers to take over other financial institutions and act as the equivalent of the National Enterprise Board in the financial sector.

The main purpose of yesterday's meeting was for the executive to work its way through Labour's programme for 1982 which is to be put to conference this year and will then form the basis of the party's election manifesto. Yesterday, in a five-hour meeting which left some right-wingers complaining that they had been steamrollered, the eexcutive approved the first five chapters including the key sections on the EEC and the economy.

The chapter on the EEC which has already ben discussed at length by the relevant sub-committee sets out a detailed plan for taking Britain out of the Community by stages. They would begin with the introduction of the repeal Bill which would amend the 1972 Communities Act and end with Britain withdrawing from all EEC institutions after an unspecified transitional period. The document makes no provision for a referendum—the one get-out clause which might make it acceptable to pro-marketeers within the party. Pro-marketeers yesterday failed in a bid to insert one at the last moment.

The party is already committed to pulling out of Europe by conference votes. The row over the veto is likely to strengthen anti-market feeling within the party and make it even more difficult for pro-marketeers to water down the commitment to withdrawal when the election manifesto is eventually drawn up.

For the most part, theexecutive stuck to the draft version of the programme before it. But in the section dealing with finance for industry, Mr Benn toughened up the proposal for acquiring a public stake in the banking sector. He successfully moved a clause which would make the Bank of England the vehicle for nationalisation in the City.

This would operate alongside a "national bank" and a "national investment bank."

The committee also approved the formula for renationalisation, which had caused many problems within the party over the last few months. Under normal circumstances, it says Labour would establish terms of compensation which would reflect the true value of the assets to be taken into public ownership. But in the case of "denationalised assets," it says shareholders should be repaid — collectively — precisely the amounts which were paid for the assets at the time they were denationalised.

The document then goes on to set out a number of variations to this approach, such as linking the denationalisation price of the asset either to the FT index or "more generously" to the retail price index. It also raises the possibility of allocating the available funds "in accordance with certain priorities.

The executive also dealt with the controversial question of incomes policy. It approved the idea of a "national economic assessment" which has been discussed already at length between the TUC and the Labour Party. At the last meeting of the home policy committee, references to the need for this assessment to cover wages were deleted. But But at yesterday's meeting of the full executive, the passanges were restored.

The final version, therefore, talks in terms of a national economic asessment having to "embrace such issues as the share of the national income going to profits, to earnings from employment, to rents, to social benefits and to other incomes.

It would also, the odcument says, have to take a view on the movement in prices and costs including wages which would "support and sustain expansion compatible with the party's economic and social objectives."

Opponents of Prior Bill welcome delay of debate

BY MARGARET VAN HATTEM, POLITICAL STAFF

OPPONENTS OF Mr James Prior's Northern Ireland devolution Bill have been greatly heartened by the Government's decision to cancel today's debate on its Committee Stage to allow for an emergency debate on the Falklands.

Several Tory back benchers are now openly claiming the tacit support of both the Prime Minister and Mr John Biffen, the Leader of the House, for wrecking tactics aimed at ensuring that the Bill is talked out.

Mr Prior is expected to press hard at a Cabinet meeting later today that the Bill's timetable should not be further disrupted and that an extra day be allotted, if possible next week, to make up for time lost today.

Whether he succeeds will be clear from the statement outlining next week's business which Mr Biffen will make to the Commons this afternoon.

However, some of the Tory back benchers, including MPs closely associated with Mr Biffen and Mrs Thatcher, appear confident of further co-operation in disrupting the Bill's timetable. It was suggested yesterday that the debate on the EEC farm prices and budget prices, for which Labour is pressing, might also be held on a day which would otherwise have been allocated to the devolution Bill.

The tactics employed by these back benchers are similar to those used by Mr Ian Gow, Mrs Thatcher's parliamentary private secretary and a staunch Unionist supporter, earlier this year. Mr Gow's active lobbying against the Bill was widely accepted among Tory back benchers as carrying the Prime Minister's tacit apprcval until, after protests from Mr Prior, Mr Gow was instructed to desist.

So far, other back benchers claiming to be lobbying on behalf of the Prime Minister and Mr Biffen appear to have received no such instructions.

The position of Mr Prior and his team of ministers steering the Bill through parliament has not been helped by the deterioration in relations between the British and Irish governments.

This deterioration seems to be concentrated at the top, where the two Prime Ministers are letting it be known that they see little point in a bilateral summit meeting for some time. But signs of alienation between the two leaders and their respective Foreign Ministers appear to be further tangling the lines of communication.

The Irish government's early opposition to a renewal of EEC sanctions against Argentina, together with its role in pushing through this week's farm price settlements, has also alienated further those Tories with doubts about the Anglo-Irish aspects of the Bill and White Paper. This could greatly hinder any attempts by the Government to meet or even compromise on Labour's demands for further Anglo-Irish elements.

At this stage, the Bill cannot be considered to be under serious threat. Despite the demands on time threatened by the Falklands crisis and the possibility of a major EEC crisis, the Government's legislative programme for the rest of the session appears relatively light.

However, Government decisions on the allocation of time over the next few weeks will be read as a signal of Mrs Thatcher's and Mr Biffen's real intentions.

In the meantime, the Bill's opponents in the Tory party and the various Unionist parties are doing their best to ensure an all-out filibuster. Together with Labour, they have tabled already 118 amendments to the Bill, some of them exceedingly long and complicated.

Pension funds bar sought by underwriter

By Our City Correspondent

PENSION FUNDS should not be allowed to acquire Lloyd's of London underwriting agencies if the agencies are forced to sever shareholding links with Lloyd's insurance brokers, a Lloyd's underwriting agent yesterday told the Lords select committee reviewing the Lloyd's Bill.

Mr Robert Hiscox, the chairman of Roberts & Hiscox, an underwriting agent, which is petitioning to remove from the Bill a clause requiring brokers to dispose of shareholding links with underwriting agency companies, said potential purchasers regarded the agencies as a licence to print money. He warned that agents could make losses as well as profits.

Williams says blame for crisis 'evenly shared'

BY IVOR OWEN

RESPONSIBILITY for the EEC farm prices crisis must be "evenly shared," Mrs Shirley Williams, MP for Crosby and a member of the Social Democratic Party's collective leadership, insisted yesterday.

The "abrasive leadership" of the Prime Minister was one of the factors which had to be taken into account, she said.

Mrs Williams told a parliamentary Press gallery luncheon: "Abrasive leadership is all very well in its turn, but I have to say that today abrasive leadership by our government has led us to a position where we are becoming increasingly isolated from our friends and allies and that in a world where we desperately need them both."

She agreed that the governments of France and West Germany had not been right to support the moves which prevented Britain vetoing the farm price agreement.

Whisky import rules reprieved

By Ivor Owen

IN A MOVE which will allay anxieties expressed by the Scotch Whisky Association, the Government is to defer phasing out restrictions on importing spirits which are less than three years old.

Mr Jock Bruce-Gardyne, Economic Secretary to the Treasury, yesterday gave an undertaking to the Commons standing committee considering the Finance Bill that a provision designed to end the restrictions on delivery of immature spirits for consumption in the UK by March 1, 1985, will be changed.

The effect of amendments to be introduced at the Report Stage of the Bill will be to defer indefinitely the abolition of the restrictions.

Under UK law whisky must be matured for at least three years.

Heseltine still undecided over penalising councils

BY LISA WOOD

MR Michael Heseltine, Secretary of State for the Environment, said yesterday that he was still considering whether to penalise local authorities across the board for overshooting government spending targets for 1982-83. Between them the councils are set to exceed the targets by £1.4bn.

He gave no indication to local authority representatives at the Local Government Finance Consultative Council when a decision would be made. The £1.4bn is 7.5 per cent over Government targets.

Mr Heseltine said overspending councils would lose some £315m in rate support grant for 1982-83 and £200m for overspending in 1981-82 under the existing scheme for grant abatement announced last December.

"I am also considering whether to make a further reduction in grant across the board. I shall announce my decision on this shortly," he said. Any reduction in grant "across the board" would hit all councils equally, not just the overspenders.

Although Mr Heseltine did not specifically ask for local authority budgets to be revised he hoped they would review spending plans during the year in the light of the proposed holdback of grant "in order to minimise their grant loss and to protect their ratepayers from further substantial rate rises next year."

Mr Jack Smart, chairman of the Association of Metropolitan Authorities said: "We deplore the uncertainty of the Secretary of State not making a decision today."

He said there was already the £315m holdback of grant to offset against the £1.4m overspend, while the Government was by its system of dual targets allowing—without penalties—over £530m spending above volume targets.

Mr Ian McCallum, chairman of the Association of District Councils said: "The 296 districts councils are 3.6 per cent over government targets. I do not want aggregate holdback. I am not, however, proposing an alternative."

Diplock security report 'reassuring'

FINANCIAL TIMES REPORTER

SECURITY PROCEDURES in the pubic service are to be tightened in accordance with recommendations made after a 12-month probe, the Prime Minister announced yesterday.

Mrs Thatcher told the Commons in a written answer that recommendations made by the Security Commission headed by Lord Diplock would be implemented as soon as possible.

But the Commission's report, which will be published today in an abbreviated form, is "generally reassuring" Mrs Thatcher told MPs.

She added: "Subject to the Commission's view about the need for an urgent evaluation of the risks involved in electronic information processing and the means of countering them, Lord Diplock and his colleagues conclude that the security procedures as they have been applied since the Radcliffe Report, in 1962, and considerably modified and updated since, have worked well, and can be relied upon to prevent infiltration of any of those bodies dealing with particularly sensitive security issues of the kind which took place in the 1930s and 1940s."

Mrs Thatcher said it would not be in the national interest to publish the report in full since substantial portions of it concerned the most sensitive aspects of security procedures.

The Diplock inquiry was ordered in March last year after claims that the late Sir Roger Hollis, director general of security services from 1956 to 1965, might have been a Soviet spy.

It was the first comprehensive review of security procedures since the Radcliffe Report was published in April 1962.

How Spurs sells soccer

BY DAVID CHURCHILL

TOTTENHAM HOTSPUR go to Wembley on Saturday for the 101st FA Cup Final hoping that success on the field will encourage a major company to fork out about £1m for three years' sponsorship of the club.

For that £1m the sponsoring company will get its name emblazoned for all time across the club's new £4.5m grandstand as well as (for three years) across the shirts of a football team conservatively estimated to be worth around £6m in today's transfer market. In addition, the £1m will buy the use of two plush executive boxes for the next three seasons and a host of other special privileges for sponsors to impress clients or reward employees.

Hugh Routledge

Mike Lewis: "If only I could sell the cup final as well . . ."

Tradition

The selling of Spurs has now become big business for the North London club — at Wembley for the second year running — with advertising, sponsorship, and promotions, estimated to have earned it more than £1.6m this season. That may be only about the price of one and a half strikers in the transfer market, but for Spurs — faced with hefty interest payments on the borrowings for its new stand and the need to buy new players — it is a more than welcome inflow of funds.

The fact that Spurs needs this extra commercial revenue at all is a clear indication of the financial pressures facing most football clubs at present. Spurs can still count itself fortunate that it is among the few clubs making profits. Last season the club made a profit of £512,000 with net gate receipts (home and away) of just under £2m. Earnings from other sources come to over £350,000. This season, lengthy runs in three cup competitions have been very profitable although there is no guarantee of repeat success next season.

The steady flow of funds into the Spurs coffers from sources other than gate receipts and transfer deals is all the more significant given that it is a fairly recent development by the club. Ten years ago, for example, the club allowed virtually no advertising within the ground or in its programme and it is only over the past three seasons that it has seriously attempted to tap the vast commercial potential of a successful First Division football club.

Spurs has been a club steeped in tradition ever since it was first formed almost a century ago (next season is the club's centenary) and played its early matches on Northumberland Park in North London. (The club's name is believed to have come from this association: the son of the Duke of Northumberland was one Harry Hotspur).

At the turn of the century it bought its present ground, White Hart Lane, from the Charrington brewery and much of its financial stability has resulted from owning this valuable freehold.

But by the mid-1970s, roaring inflation and spiralling transfer fees and players' wages, forced Spurs to change its attitudes and to start taking a more commercial approach to exploiting the club's potential. This change was stimulated by poor playing results, which saw the club relegated to the second division in 1977-78. Apart from injured pride, playing in the second division meant smaller gates and reduced revenue at a time when the club needed to buy new players to finance its return to the elite of British football.

A million pounds was spent on three players in the summer of 1978—including £750,000 for the two Argentinians Ardiles and Villa—and the club also took the important step of appointing Mike Lewis as its first ever commercial manager. Lewis had previously been a fund raiser for charity before spending two years as commercial manager for Newport County.

His brief, he remembers, was to boost Spurs' commercial revenues "without at the same time turning it into a sort of Chipperfield's Circus."

Lewis was therefore concerned not to push Spurs too far and too fast into money-making gimmicks which might damage the club's reputation. His first task was to review the club's existing advertising commitments and promotions — he quickly brought in a new lottery scheme—and to explore the potential for match sponsorship.

Sponsorship is what the name of the football game has now become wth big clubs such as Liverpool, Arsenal, and Manchester United all negotiating deals with sponsors which include shirt advertising. In Lewis's first season, however, only about a dozen matches were sponsored as the club felt its way in this—for Spurs—relatively new territory.

However, it soon became clear that there was a considerable untapped market among companies of all sizes in the London area which welcomed the opportunity to entertain guests via participation in a major first division football club. Match sponsors, therefore, have so far ranged from the National Girobank and the Bradford and Bingley Building Society through to Hitachi and London Transport (the latter because many potential bus and tube drivers go to football matches.)

For a fee of between £4,500 and £7,000—depending on the calibre of the opposition and whether or not the match is being televised—sponsors get up to 70 seats in the main stand plus full catering facilities; five pitch perimeter advertising sites; use of a sponsorship suite equipped with full audio-visual equipment; use of other club facilities and guest appearances by the players.

"We aim to be as flexible as possible in meeting sponsors' needs," says Lewis. Arrangements can be tailored so that special presentations or sales promotions can be included in the sponsorship package.

Lewis used direct mail shots and personal contacts to get the sponsorship programme going—now he finds that about three-quarters of sponsors make repeat bookings and the majority of next season's sponsors will be signed up within the next few weeks once the new fixture list is published.

But the real cream of the club's sponsorship programme is coming from its new executive boxes, which it is offering to companies at £10,000 a season. Each of the 72 boxes seats eight people in comfort, has full catering facilities, and closed circuit television of the match as it happens. Advertising space around the ground and in the programme is also included.

So far, Spurs has leased some 44 of the boxes, to such large companies as Tesco, Barclays Bank, Merrill Lynch, and Cannon Assurance as well as to smaller local companies—and is confident of having every box filled most Saturdays next season. (Unleased boxes can be hired on a match by match basis.) When fully utilised, the boxes will mean extra revenue for the club of about £700,000 a season.

Lotteries

This is by far the most lucrative area of revenue for Spurs (apart from gate receipts and transfer fees), followed by other more traditional sources of revenue such as advertising, programme sales, lotteries, and catering. Two other ventures have been a Spurs shop, selling almost every souvenir the ardent supporter would ever want, and a travel agency for away matches.

Somewhat surprisingly, Saturday's cup final will not be the commercial bonanza it could be. The clubs are not allowed to obtain sponsors for the match in the same way as for a league or cup game at White Hart Lane. Instead, the clubs have to rely on the not inconsiderable fees from television, gate receipts, and the extra sales of scarves, rosettes, records and other souvenirs.

"But," adds Lewis somewhat wistfully, "if only I had a free hand to sell the cup final to our sponsors as well . . ."

Hugh Routledge

Advertising without razzamatazz

Dorland's Jack Rubins keeps a low profile. David Churchill explains why

JACK RUBINS is most unlike the popular image of an advertising agency chief: he neither courts publicity nor leads a flamboyant lifestyle. In the same way Dorland, his agency, does not go in for the sort of aggressive trumpet-blowing that is the hallmark of a number of other agencies.

Yet Dorland—for all its low profile—has crept steadily into the top 10 of UK advertising agencies in the past couple of years with a growth rate only marginally below that of Allen Brady and Marsh—another high flier of recent years and an agency whose popular image is the exact opposite of Dorland's.

Dorland's billings in the first quarter of this year (according to the MEAL analysis of Press and television expenditure) were up by over 53 per cent on the same quarter of last year—the fastest growth rate for any of the top 10 agencies.

Dorland's steady growth since 1976 can be attributed to Rubins' distinctive and tightly-controlled management system, rather than to the spectacular acquisition of new accounts.

It was this management style that attracted the Saatchi brothers to make a successful bid for Dorland last summer—in a deal worth up to £5.6m—to complement Saatchi and Saatchi, Garland-Compton and also to give Saatchi a broader base from which to launch its U.S. acquisition of Comptons this spring.

The Saatchi brothers were apparently only too willing to take on Dorland purely as an investment and to bolster their overall penetration of the UK advertising market. They have no intention, says Rubins, of trying to merge any of the Dorland operations with those of other agencies in the Saatchi group.

"Dorland's autonomy and freedom to operate have in no way been encroached upon by the takeover," maintains Rubins. "In fact, neither Maurice nor Charles (Saatchi) has as yet been into our offices."

An indication of this freedom is that Rubins is actively considering the acquisition of a U.S.-based agency to give Dorland the international coverage needed to service some of its larger clients. The fact that Saatchi—by its takeover of Comptons in March—is now the ninth largest agency group in the world does not preclude Dorland's own expansion overseas, says Rubins.

After an initial period of uncertainty for both staff and clients after the Saatchi takeover of Dorland, Rubins says that the "message about our autonomy seems to have got across." He claims that the agency is now getting "more enquiries from potential new clients than ever before."

Dorland's growth rate in the past six years—since Rubins took over as chief executive—has been equally impressive. The agency moved from 18th position in 1976 with MEAL billings of £8.4m to ninth last year with billings of £31.8m. Over the same period only Allen, Brady and Marsh has risen faster—from 17th place and billings of £9m in 1976 to seventh place last year with billings of £33.8m.

Asset strip

The leading agency in terms of MEAL billings was JWT last year, with billings of £78.1m, while Saatchi and Saatchi came second with £70.4m. In the "Campaign" magazine league table of total billings, Dorland came tenth last year with billings of £46m, although Saatchi's came out on top with reported billings of £101m.

Dorland's growth over the past six years has been even more remarkable given the low morale within the agency in the early 1970s following its short ownership by John Bentley's Barclay Securities in 1971. Dorland was a fairly sleepy, publicly-quoted advertising agency which Bentley was able to acquire and then strip of its property assets—as was the vogue in the early 1970s.

The effect of those traumatic months in 1971 took some years to shrug off—during which time Rubins impressed his effectiveness on the agency and worked his way to the top job by 1976. His style was immediately effective as billings rose from the 1976 level of £8.4m to £13.3m in 1977.

Rubins sees himself very much in the motivational role in the agency; it is his job to create the framework for the creative talents to work at their best. It is for this reason that he has deliberately kept a low profile, although there is a suspicion that he is enough of a workaholic to prefer the intricacies of agency life to taking a front role in the razzamatazz of the advertising world at large.

Certainly, Rubins does not demur from being compared with that other famous JR of TV's soap-opera fame. He happily sees himself as the behind the scenes wheeler-dealer, rather than a straightforward front man—although he obviously is out of tune with some of the more sordid sides of the other JR's complex character.

The marketing director of a large company which uses Dorland tellingly describes Rubins as being "like a mafia chieftain surrounded by his young lions." Certainly, the Rubins' style is to encourage a tightly-knit family atmosphere within the agency.

Rubins takes great pride in creating the right balance between the creative and other departments within the agency. He strongly believes that over-elaborate management structures are unnecessary in an agency of Dorland's size (about 250 employees in total); he also believes in buying in talent when it becomes available, rather than waiting for the work to come in before trying to find good people. "I've found that if you take on talented people, then the work usually follows," he adds.

Rubins also tends to move staff around within the agency more than is usual for an advertising agency. This tactic has two aims: first, it helps keep staff happy by giving them new opportunities; and, secondly, it stops them getting too close to the client and perhaps losing some of their judgment.

Agency employees who stay with one account too long also have a strong desire to "pinch" the account and set up on their own — hence the profusion of new agencies that are spawned every year. By encouraging internal staff mobility, Rubins manages both to defend Dorland's major accounts and to allow employees to develop their careers within one agency. (Rubins himself, now 50, has spent all his advertising career with Dorlands since he joined in the late 1940s.)

Rubins, however, maintains that his employee policies increase rather than weaken the closeness of the agency's relationship with clients. Rubins believes that clients are encouraged to feel that they are getting the attention of the whole agency in dealing with their particular marketing problems, rather than the views of a small select team. Moreover, he says that his policy of seeking talented people at all levels ensures "we can match our clients up with the best people throughout the company and not just at the top."

Rubin's management style obviously works—judging by the growth in billings. But it has not been all plain sailing. In the first couple of years of Rubins' reign, the company's management control systems were inadequate for the increased business, thus affecting operational efficiency. Rubins points out that the problem was they had been designed to administer an agency with billings of £10m which was rapidly doubling and trebling the size of its business.

The solution to the management control break-down was more an application of sound principles and common sense than anything magical. "It was simply a matter of persevering until we got the control systems along the right lines and taking on the right people to ensure that we didn't get caught out again," he says.

Frozen food is a hot market

BUOYANT DEMAND for new types of frozen foods, such as oven chips, potato waffles, and frozen pizzas, helped push frozen food sales up sharply last year after some sluggishness in previous years, according to a new report from Birds Eye.

Sales of frozen food for the domestic market fell just short of the magic £1bn total, with sales of £999m last year. This was an increase of about 15 per cent in value on 1980 while, in volume terms, the growth was about 12 per cent.

The frozen food catering market, about a quarter of the size of the domestic frozen food market, fell in volume by about 4 per cent—mainly because of the recession—although the total value of sales rose from £230m in 1980 to £237m last year.

Much of the overall growth of frozen foods over the past decade—sales value of frozen foods has risen much faster than for food sales in general—is due to the increase in domestic freezer ownership. Some 54 per cent of all households now own a freezer or fridge/freezer, and Birds Eye predicts that this will rise to about two-thirds of households by 1985.

TELEVISION

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.05-11.50 For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill at One. 1.45 Chock-a-Block. 2.00 You and Me. 2.15-3.00 For Schools, Colleges. 3.53 Regional News (except London). 3.55 Play School. 4.20 The Drak Pack. 4.40 The Littlest Hobo. 5.05 John Craven's Newsround. 5.10 Blue Peter.

5.40 News.

6.00 Regional News Magazines.

6.25 Nationwide.

7.00 Tomorrow's World: The latest from the world of science and technology.

7.25 Top of the Pops with Peter Powell.

8.00 It Ain't Half Hot Mum: comedy series starring Windsor Davies and Melvyn Hayes.

8.30 Sorry!: Comedy series starring Ronnie Corbett.

9.00 News.

9.25 The Richard Dimbleby Lecture: Garret Fitzgerald.

10.15 Question Time with Ludovic Kennedy.

11.18 News Headlines.

11.20 Fame: Keith Castle—Britain's longest heart transplant patient.

Chris Dunkley: Tonight's Choice

Contrary to the *TV Times billing the* Thames series on Palestine **The Longest War** does not start tonight. It has been postponed in order to keep **TV Eye** on the air during the Falklands crisis. Consequently the three-way programme clash at 9.30 is less acute than it might have been.

On BBC-1 the tenth **Richard Dimbleby Lecture** is given by Dr Garret Fitzgerald, former Prime Minister of Eire. He will be speaking about "Irish identities" and suggesting ideas for an evolution towards a new Ireland. Addressing "My British audience" he says, inter alia: "I do not of course impute collective inherited guilt, but I think that we in Ireland *have a right to ask that you and your political leaders* give more of your thought and your time than you have done over most of the past 60 years with a view to resolving a problem which is, after all, a British creation."

BBC-2's offering at 9.30 is **The Cambridge Footlights Revue**, a title which today must seem to those involved like a distinctly two-edged sword—useful to start with a name so widely known, but awfully inhibiting, surely, to realise that your useful efforts are being compared to those of Jonathan Miller, Peter Cook, Dudley Moore, John Cleese, Graham Chapman, Eric Idle, etc.

BBC 2

11.00-11.25 Play School.
1.45 pm Racing
5.10 The Great Rebuilding.
5.35 Charlie Chaplin in "Behind The Screen."
6.05 The Great Egg Race.
6.35 The Old Grey Whistle Test.
7.10 Sorry Mate, I Didn't See You.
7.35 News Summary.
7.40 Travellers in Time.
8.10 Human Brain.
9.00 Call My Bluff.
9.30 The Cambridge Footlights Revue.
10.20 Brass Tacks Reports.
11.00-11.50 Newsnight.

LONDON

9.35 am Schools Programmes. 12.00 Gammon and Spinach. 12.10 pm Get Up and Go! 12.30 The Sullivans. 1.00 News from Peter Sissons, plus FT Index. 1.20 Thames News with Jane Corbin. 1.30 Crown Court. 2.00 After Noon Plus: Today's programme focuses on multiple sclerosis. 2.45 Cribb. 3.45 Survival. 4.15 Bugs Bunny. 4.20 Little House on the Prairie. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News
6.30 Thames Sport: Derek Thompson, Allan Taylor and Simon Reed reflect the sporting scene at home and abroad.
7.00 Never the Twain starring Donald Sinden and Windsor Davies.
7.30 Spooner's Patch.
8.00 Falcon's Crest starring Jane Wyman.
9.00 Shelley starring Hywel Bennett.
9.30 TV Eye Special on the Falklands crisis.
10.00 News.
10.45 Hill Street Blues.
11.45 Ladies' Man.
12.10 am What the Papers Say.
12.25 Close: Sit Up and Listen with Michael Hordern.

† Indicates programme in black and white

All IBA Regions as London except at the following times:—

ANGLIA

1.20 pm Anglia News. 2.00 Not For Women Only. 3.45 Never the Twain. 4.20 Fangface. 4.45 The Adventures of Black Beauty. 6.00 About Anglia 6.20 Arena. 6.35 Crossroads. 7.00 Survival. 10.45 Snooker '82. 11.30 Lou Grant. 12.25 am The Ascension.

BORDER

1.20 pm Border News. 3.45 Never the Twain. 4.20 Palmerstown USA. 5.15 University Challenge. 6.00 Lookaround Thursday. 6.35 Crossroads. 7.00 Emmerdale Farm. 10.45 Pro-Celebrity Snooker. 11.30 Bizarre. 12.00 Border News Summary.

CENTRAL

12.30 pm The Young Doctors. 1.20 Central News. 3.45 Never the Twain. 4.20 Sport Billy. 4.45 Jason of Star Command. 5.15 Arthur C. Clarke's Mysterious World. 6.00 Crossroads. 6.25 Central News. 7.00 Emmerdale Farm. 10.45 Venture. 11.15 Central News. †11.20 Starring Richard Burton: "The Night Of The Iguana."

CHANNEL

1.20 pm Channel Lunchtime News. What's On Where and Weather. 3.45 Never the Twain. 5.20 Crossroads. 6.00 Channel Report. 6.15 The Incredible Hulk. 7.00 Benson. 10.43 Channel Late News. 10.50 Mannix. 11.45 In Concert. 1.00 am News and Weather in French.

GRAMPIAN

9.30 am First Thing. 1.20 pm North News. 3.45 Never the Twain. 6.00 North Tonight. 6.30 Police News. 6.35 Crossroads. 7.00 Private Benjamin. 10.45 Bizarre. 11.15 Cover to Cover. 11.45 Love American Style. 12.15 am North Headlines.

GRANADA

1.20 pm Granada Reports. 1.30 Exchange Flags. 2.00 Crown Court. 2.30 Yesterday. 3.45 Never the Twain. 4.20 Here's Boomer. 4.50 Little House on the Prairie. 6.00 This Is Your Right. 6.05 Crossroads. 6.30 Granada Reports. 7.00 Emmerdale Farm. 10.45 Clubland. 11.15 Benson. 11.45 What the Papers Say. 12.00 Late Night From Two.

HTV

1.20 pm HTV News. 3.45 Never the Twain. 4.15 Here's Boomer. 4.45 The Flying Kiwi. 5.05 Jobline. 5.15 Benson. 6.00 HTV News. 6.35 Crossroads. 7.00 Emmerdale Farm. 10.43 HTV News. 10.45 Scene '82. 11.30 Lou Grant. 12.30 am What the Papers Say.

HTV Cymru/Wales—As HTV West except: 9.35-9.50 am Wales and the Sea. 11.22-11.37 Yn Eu Cynefin. 12.00-12.10 pm Mistair Clai. 4.15 Murphy's Mob. 4.45-5.15 Sêr. 6.00 Y Dydd. 6.15-6.35 Report Wales. 10.45 Sports Arena. 11.45-12.45 am Lou Grant.

SCOTTISH

1.20 pm Scottish News. 3.45 Never the Twain. 4.20 Jangles. 4.50 Sport Billy. 5.20 Crossroads. 6.00 Scotland Today, followed by Bodyline. 6.30 Benson. 7.00 Emmerdale Farm. 10.45 Scotsport Quiz. 11.15 Maybe Tomorrow. 11.50 Seachd Laithean. 12.15 am Late Call. 12.20 Barney Miller.

TSW

1.20 pm TSW News Headlines. 3.45 Never the Twain. 5.15 Gus Honeybun's Magic Birthdays. 5.20 Crossroads. 6.00 Today South-West. 6.30 Scene South-West Special. 7.00 Benson. 10.47 TSW Late News. 10.50 Mannix. 11.45 Superstar Profile. 12.10 am Postscript. 12.15 South West Weather.

TVS

1.20 pm TVS News. 2.00 Not For Women Only. 3.45 The Cuckoo Waltz. 5.15 Watch This Space. 5.30 Coast To Coast. 6.00 Coast To Coast (continued). 6.35 Crossroads. 7.00 Emmerdale Farm. 10.45 In the Mouth of the Dragon. 11.16 Strumpet City. 12.15 am Company.

TYNE TEES

9.25 am The Good Word. 9.30 North-East News. 1.20 pm North-East News and Lookaround. 3.45 Never the Twain. 4.15 Cartoon Time. 4.20 The Lone Ranger. 4.50 Voyage to the Bottom of the Sea. 6.00 North-East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.45 North-East News. 10.47 Job Slot Extra. 10.52 Best of Three. 11.20 Come In. 11.45 Bizarre. 12.15 am Let's Celebrate Ascension Day.

ULSTER

1.20 pm Lunchtime. 3.45 Never the Twain. 4.13 Ulster News. 4.20 Palmerstown. 5.15 The Sounds of . . . The Reynolds Family. 5.30 Good Evening Ulster. 6.00 Good Evening Ulster. 6.25 Police Six. 6.35 Crossroads. 7.00 Emmerdale Farm. 10.44 Ulster Weather. 11.45 News at Bedtime.

YORKSHIRE

1.20 pm Calendar News and Weather. 3.45 Never the Twain. 4.20 Sport Billy. 4.45 Little House on the Prairie. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Crossroads. 7.00 Emmerdale Farm. 11.40 Crown Green Bowling.

BUSINESS LAW

Denning on law reform

BY A. H. HERMANN, LEGAL CORRESPONDENT

ENGLISH commercial law may not be the commercial law of the entire world but it is certainly respected and used by *a great part of it*. This is a consequence of the great role played by Britain as a trading nation but English judges can also claim that it is their doing. Not all of them perhaps, but certainly that breed which has always been more interested in seeking what is practical and fair than in legal engineering.

"And Lord Mansfield excelled in *doing this with the great* body of commercial law. Before his time all the evidence in mercantile cases was thrown together . . . Lord Mansfield set to work to find out the general principles . . . He laid down the principles of insurance and of bills of exchange and cheques and other commercial subjects in such a satisfactory manner that they have spread throughout the commercial communities of the world . . . He infused the *principles of equity and good* conscience into the rigid formulae of our law."

Lord Mansfield was censured by his contemporaries for upsetting positive rules of law by his "own unsettled notions of equity and substantial justice." Lord Denning, from whose new book*, published today, the above appreciation of Lord Mansfield is taken, has been similarly censured.

The new book, appearing in quick succession after his three bestsellers, is Tom Denning's powerful answer to such criticism. Speaking extra-judicially, he can be, and is, quite blunt. The dialogue with his critics is not in the realm *of theory but is focused on* individual cases and decisions, *some* quite recent and *still* fresh in the public's mind. He *slips into generality when* extolling the virtues of judges *and those are the weakest spots*

Lord Denning

of the book. True, Parliament is much to blame for neglecting law reform, but would there be so much need of it if the other strain of judges, those who differ from Mansfield and Denning, did not perpetuate the quirks of law which they practise as a de-humanised, logical exercise?

The book is called What Next in the Law, and presents simply, but vehemently, an agenda for law reform. It is not a maximal programme; rather one which the present Parliament could find palatable if ever it found the time to taste it.

For example, when dealing with the jury, it is far from Lord Denning to say (and probably to think) that it should be abolished altogether. Instead, he puts forward proposals on how it should be improved. The "peremptory" challenges of jurors, to achieve a favourably disposed jury, *should be abolished*. Instead, a panel from which jurors *would be taken should be* selected so as to achieve a fair *representation of sexes*, age groups, occupations and colour of skin. Minor cases, such as *shoplifting and breaking of* windows, should not be allowed to go before the jury but should be tried by magistrates, and in complicated cases of fraud and business crime there should either be special jurors of the City of London or, alternatively, a judge with assessors.

Lord Denning's views on the shortcomings of legal aid have *come in time for the second* reading of the Legal Aid Bill *next week*. Lawyers' groups support an amendment which would provide for appeals against magistrates' refusal of legal aid. This is probably necessary to streamline the decisions—a defendant who appeared in Slough in 1980 was 28 times more likely to be refused legal aid than one appearing in Reading—but *there are also other problems*.

Legal aid should be extended *to those in the middle range of* incomes who, for all practical purposes, are now barred from courts, Lord Denning argues. However, legal aid should be granted with circumspection and not be used so as to exert undue pressure for settlement; nor to run up the costs in extravagant fees or expenses. If the assisted person loses, the legal aid fund should pay the costs of the unassisted person. Lord Denning sees that legal aid helps not only the litigant but also the lawyer. One can add: the first purpose is the more important one.

The Administration of Justice Bill, discussed in this column under the headline "*Missed Chance for Law* Reform," is bitterly criticised by Lord Denning *for the* "scurvy treatment" which it *gave to the recommendations of* the Pearson Report on Damages *for Personal Injuries*. "Out of the monumental report of the Royal Commission, the Government have produced a laughable little mouse in the shape *of nine clauses* tucked away among many other topics. . . . Nothing to remedy the injustice to the child or grown-up who is injured by another person's negligence but has no witness to prove it. Nothing done to institute a system of no-fault liability. Nothing done *to introduce periodic payments*. Nothing done to reappraise *the principles* on which damages are to be assessed. Five years in the lives of Lord Pearson and his colleagues have been spent in vain. Scurvy treatment by an ungrateful Government."

Tom Denning remembers what Lord Justice MacKinnon told him when, as a young barrister, he won a libel case *by legal sophistry*. "We sit here to administer justice and *not to supervise a game of* forensic dialectics." Now he wants all technicalities in libel actions to be abolished, trial-by-jury to be discretionary and legal aid available. The Press should have the defence of "fair information on a matter of public interest," but to counter the abuse of its powers, exemplary damages should be allowed. And in every case liability should depend on the intention of the publisher and on the natural and ordinary meaning of the words.

There is much more in the book: *judges should recognise* a right of privacy. There is no need for a *Bill of Rights*, and the European Convention on *Human Rights should not* be made a part of English law. It would confuse and breed litigation. And there is a dissertation on the theme: "Denning is an ass." He ends: "In this book I have stood the law on its head—in the hope that you may help to get it the right way up."

**What Next In The Law by Lord Denning, MR: Butterworths, 352 pp, £5.95.*

RADIO

(S) Stereo broadcast (when broadcast) on VHF)

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Steve Wright. 4.30 Peter Powell. 7.00 Walters' Weekly. 8.00 David Jensen. 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S) 12.00 Gloria Hunniford (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 John Dunn (S). 8.00 Country Club with Wally Whyton (S). 9.00 Alan Dell with Big Band Sound (S). 9.55 Sports Desk. 10.00 The News Huddlines. 10.30 Star Sound Extra with Nick Jackson 11.00 Brian Matthew with Round Midnight (stereo from midnight). 1.00 am Encore (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued) 9.00 News. 9.05 This Week's Composer: Schubert (S). 10.00 Strauss: Symphony No. 2 in E flat (Frohliche Workstatt) (S). 10.45 French and Italian Music of the 16th century (S). 11.20 Scottish National Orchestra (S). 1.00 pm News. 1.05 Bristol Lunchtime Concert (S). 2.00 "Israel in Egypt," oratorio by Handel (S). 3.45 Chopin's Piano (S). 4.00 Elgar: Symphony No. 1 (S). 4.55 News. 5.00 Mainly For Pleasure (S). 7.00 Dvorak: Symphony No. 2 (S). 8.00 Gulliver's Travels by Jonathan Swift, dramatised in four parts (S). 9.30 Music for Two Violins (S). 10.05 Music In Our Time (S). 11.00 News. 11.05-11.15 Walter Gieseking (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.33 Yesterday in Parliament. 8.57 Weather, travel. 9.00 News. 9.05 Checkpoint. 9.30 The Living World. 10.00 News. 10.02 As It Happens. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.03 Shipwreck. 11.48 Enquire Within. 12.00 News. 12.02 pm You and Yours. 12.27 Brain of Britain 1982 (S). 12.55 Weather, travel, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 3.50 Holy Communion on Ascension Day (S). 4.40 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News, including Financial Report. 6.30 Any Answers? 6.54 It's a Bargain. 7.00 News. 7.05 The Archers. 7.20 Concert Prelude (S). 7.30 Newbury Spring Festival 1982: Concertos and sacred music by Vivaldi, part 1 (S). 8.05 That Accursed Stream. 8.25 Concert: Vivaldi, part 2 (S). 9.15 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

RACING

BY DOMINIC WIGAN

STRATOSPHERIC having bowed out of today's Lupe Stakes it should be plain sailing from a long way out for Height of Fashion, the Queen's unbeaten filly. The Goodwood race is likely, however, to tell us little of her Oaks prospects for apart from the presence of a royal pacemaker, Round Tower, the Lupe sees only the maidens Devon Air and Tetrarose competing.

Brian Rouse's Devon Air will be all the better for her fourth-place run in the Esal Bookmakers Oaks Trial at Epsom. There, she finished 10 lengths ahead of Tetrarose. She looks the obvious one for the forecast.

Goodwood is not usually one of Jeremy Tree's favourite hunting grounds but, following Peacetime's winning reappearance here yesterday, Beckhampton is strongly represented again. Tree saddles his own four-year-old, Fandangel, for the Selhurst Park Handicap and the once-raced Eastern Shore for the closing division of the Seabeach Maiden Fillies Stakes.

Fandangle, who produced such an encouraging run on his reappearance to separate Sauvage and Corn Street at Kempton five weeks ago, later proved an expensive failure when fading badly in the closing stages of a 17-runner handicap at Salisbury.

It is possible, however, that he saw too much daylight there. In the belief that Eddery will successfully adopt waiting tactics this time, I do not intend to desert the miler.

In the Mortar Mill Handicap, that tough five-year-old, Main Top, has nothing to fear from Aperitivo, an equally resilient rival, judged on their running in Lingfield's Mirror Group Newspapers Handicap. The Mark Smyly representative looks to be the afternoon's safest bet.

GOODWOOD
2.00—Bracadale
2.30—Bounty Bay*
3.00—Fandangle
3.30—Height of Fashion
4.00—Dido
4.30—Main Top***
5.00—Eastern Shore**

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TECHNOLOGY

EDITED BY ALAN CANE

Alan Cane reports the progress in an industry whose time seems to have come

Coil coating comes into its own

A FINISHING technology pioneered over 25 years ago is *coming into its own as manufacturers* look for new ways of cutting materials and energy costs.

The technology is coil coating — sophisticated methods of applying paints, plastics or laminated films to coils or sheets of steel or aluminium, before it is processed.

This week, members of the European Coil Coating Association (ECCA), now over 200 companies strong, were meeting in London to preview what is becoming an increasingly rosy future.

In *1980, the European* industry delivered 1,177,000 tonnes of coated material, equivalent to 284m square metres.

Last year, the total was 323.4m square metres, an overall increase of almost 14 per cent, when in general demand for steel and aluminium was in the doldrums. The increase was 16 per cent for coated steel; and 9.3 per cent for coated *aluminium.*

Upsurge

Mr Norman Makins of the British Steel Corporation, newly elected ECCA president, said this week he believed there had been a sudden upsurge in demand for coated coil as industry realised the costs savings involved. These included savings in raw materials, in energy and *in anti-pollution measures.*

According to ECCA, the average gas consumption in pre-*coating varies between 6,060* BTU per square metre and 9200 BTU per square metre; if the coating is applied after forming, gas consumption is of the order of 35,400 BTU per square metre of treated material.

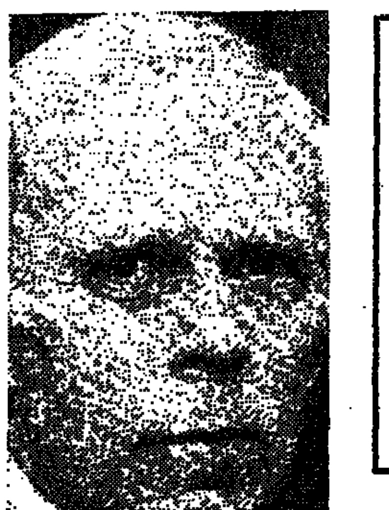
Coil coating is not simply the addition of a protective layer. Certainly, the coating does protect the metal against corrosion, but it is also intended to be a complete finish, smooth, fault-free and decorative. No further coating or decoration should be *necessary.*

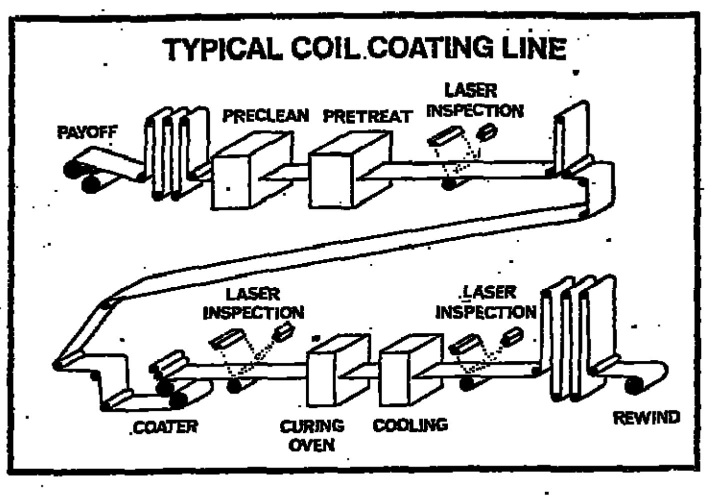
Inevitably, perhaps, the motor industry with its high demand *for steel sheet to be pressed* into body panels is a leading user of coated coil, especially in the U.S.

Now the U.S. white goods industry is beginning to use coated coil in a big way. Mr Makins believes that only the tip of the iceberg in white goods has so far been tackled by the industry in Europe and that substantial growth should be seen there.

Already in the UK Hotpoint, the white goods manufacturer, *is beginning to use coated coil* for its domestic products.

The UK coil coating industry is thought to have a greater production capacity than any other European country and comprises 31 companies—eight coil coaters such as Alcan Sheet and the British Steel Corporation—17 materials suppliers like Berger, Jenson and *Nicholson,* and Crown Decorative Products, and six equipment suppliers such as Bronx Engineering and F. B. Industrial Rollers.





Norman Makins, ECCA President, left; a typical coil coating line with Intec lasers in place, above.

What the industry wants to sell is a pre-coated material that is hard, flexible, impervious to corrosion, colour-fast and glossy. Such a material has virtually universal application. What is worrying the industry is quality control.

Typically, a coil coating production line involves three operations. The coil of metal is cleaned and pretreated; it is primed and cured and then a top coat is applied and cured.

Line speeds in the coating process can be as high as 700 feet per minute. Coating thickness varies from one material to another but can be as little as five millionths of a metre for PVC through to 25 millionths of a metre for Plastisol.

Human inspection is clearly out of the question for lines operating at such speeds and to such fine tolerances, which is why a new laser-based inspection system is exciting much interest among coil coaters.

The system was developed by *the Intec Corporaton of the U.S.* It comprises a high-speed laser scanner, an optical sensor, a *quality control centre and a* system printer.

The scanner is a helium/neon laser beam pointed at a multi-faceted mirror which sweeps the laser spot across the moving strip 5,000 times a second. The light reflected from the strip surface is collected by a light pipe and fed to photomultiplier tubes to be converted into electronic signals.

Defect

A change in the normal signal output indicates a surface irregularity or defect.

The quality control centre is microprocessor-based: it processes and analyses the data, feeding information to the system printer which generates hard copy reports. If defects are detected in excess of preset values, audible and visible alarms are triggered.

Most industrial metals are coated in one way or another before the finished product is offered for sale; the coil coaters believe they have the answer the question is, which way is best.

Acorn, Nat Semi in micro pact

BY GUY KEWNEY

ACORN, the small UK manufacturer which designed the *BBC computer, is collaborating* with the major U.S. semiconductor house National *Semiconductor (NatSemi) in* an effort to beat allcomers to the next generation of microcomputers.

It is developing a computer which can be added-on to the BBC computer or to popular computers made by Apple, Tandy and Commodore.

The *add-on* computer (which Acorn is calling the "Gluon" in line with its policy of calling its machines after nuclear *particles) will give these* machines remarkable extra computing power.

It will be based on a microprocessor chip from NatSemi which handles binary digits (bits) 32 at a time. State of the art microprocessors such as the Intel 8086 handle bits 16 at a time.

So NatSemi, which so far has made little impression in the microprocessor market, is hoping to leapfrog its competitors with its new chip.

Acorn is only one of several *high technology companies it* has lined up to support this effort. The electronics group *Bosch and the computer* company Nixdorf, both of West Germany, are announcing projects based on NatSemi's 32 bit chip.

In the U.S., Wang is *expected to announce a joint* project aimed at the office systems market. Most significant of NatSemi's *moves,* however, is the signing of a far-reaching deal with Translation Systems in California which will provide the essential software (computer programs) support.

It has developed a wide range of programming languages all of which can be adapted to run on the NatSemi chip.

For Acorn, the surprising *choice of the little known* NatSemi chip rather than rival 16 bit designs from Motorola or Intel *is seen as part of an* ambitious strategy to produce a machine that will not be vulnerable to obsolescence.

The company expects to turn over some £15m to £20m this year and hopes to have installed around 80,000 BBC computers before January 1983 now that production difficulties which dogged the introduction of what is seen as an excellent product have *been ironed out.*

A little known but very *clever feature of its design for the BBC machine is a device* called the "Tube," in fact a high speed data highway, which passes instructions and data from the computer to an external processor. It is this *feature which makes add-on* computing power possible.

In a BBC computer with attached Gluon *processor,* all the arithmetical and logical manipulations would be carried out with the full power of 32 bit processing; the computer's own microprocessor would be used to control the display and the keyboard.

The availability of 32 bit power plus a range of working software is seen as an ideal platform from which to launch U.S. sales of the BBC micro, planned for the beginning of 1983. Production has now been arranged in Hong Kong for overseas markets including Australia and the U.S.

It is expected that a Gluon processor with around 256Kbytes of memory and a Unix or Unix-like operating system will sell for about U.S.$2,000 in the U.S. and about U.S.$3,500 with a large-capacity Winchester disc for data and programme storage.

NatSemi believes the strength of Translation Systems software lies in its "portable" design which allows users of a new design of computer to produce their own version in a very short time.

Oscilloscope sets new trend of sophistication

AN OSCILLOSCOPE entirely *designed and made at Gould* Instrument Division, Hainault, Essex, is setting a trend that *takes the art of waveform* examination into new realms of sophistication

Much of the knob twiddling and estimation associated with the use of 'scopes has been done away with in the OS 5100, a £5.585 instrument that makes automatic measurements on waveforms that have frequencies up to 100 MHz.

For example, estimation of *waveform amplitude and time* parameters using graticule and calibrated control has been replaced by a pair of bright *market points or cursors,* each of which is placed, using a single "shift" knob, at the *desired points on the trace.* A built in microprocessor then takes over and measures the time spacing between the two points and their amplitude difference. Then, the results appear, in alpha-numeric form on the screen.

It is all done by digitising the waveform (sampling it at high speed), a technique which also allows the trace to be kept in storage. Later, it can be *recalled for comparison with* say, another similar live trace, or another stored one.

Extensive trigger facilities *include delay-by-time* and delay-by-event modes, both offering very high accuracy and resolution with *crystal* controlled time. It is also possible to trigger on a specific logic word if the 'scope is used in conjunction with an optional logic analyser word-recognition pod.

In view of the storage facility, the machine can also be "read out" into a chart recorder. Furthermore, it can be connected, via an optional card, to an IEEE bus to become part of a *larger* measurement system. In essence, this means the instrument can send its readings elsewhere (perhaps *for analysis)* or it can accept instructions to perform certain measurements.

This makes the OS 5100 well suited to work in a production environment because it can, for *example, remember up to 10* measurement routines and carry them out in sequence.

Gould believes the instrument will simplify the testing of a growing variety and increasing *quantity of digital* equipment and should allow a less-skilled grade of operator to carry out even the *most* complicated measurements.

GEOFFREY CHARLISH

Credit card analyser

SENSION SYSTEMS has developed a device for the analysis of magnetically encoded cards.

The device is capable of reading all three tracks on a standard card and provides a pass/fail status report for each of the tracks.

It will also display a graphical bit density plot for each track on request.

The test information is displayed on a 14 inch screen using colour coded characters, backgrounds and flashing text. More on 0606 44321.

Cheaper way to countersink

COUNTERSINKING holes in metal strip components can be an expensive business using conventional drilling methods.

Rhodes Gill of Leeds has come up with a new technique which instead of extending the drilling time, uses a 250 ton mini-forge coining press to recess large diameter holes. A smaller press with a strip *feeder* can cope with countersinking of less than 30mm diameter.

The mini-forge can be used continuously at high tonnage with an air cooler to maintain oil temperature without the need for water cooling.

Mr *A. C. Midgley* at Rhodes Gill, Carlisle Drive, Pudsey, Leeds (0532 572727) will be *happy to explain further.*

Tester for gas leaks

HOME BREWERS, cyclists and gasmen have a common interest in detecting leaks. In fact, everywhere gas or air is supplied, piped or compressed there is need for a simple and reliable method of checking that joints and seals are secure.

Soapy water is one answer. "Action" from Pennongrade of Slough is another. "Action" is an aerosol containing a *liquid designed to bubble in* the presence of gas leaks.

It is powered by compressed air and the makers, Pol Dynamic of Sweden, claims there is no fire risk or danger of inhaling noxious gases. It is recommended by and available from Calor Gas. Pennongrade's address is PO Box 71, Slough SL2 3SH.

Theodolite

OUTPUT of the Hall and Watts ST456 theodolite is to be stepped up as a result of increased manufacturing and inspection space at the company's St Albans works. Existing customers in need of repair or service to existing instruments should telephone 0727 35686.

FINANCIAL TIMES SURVEY
Thursday May 20, 1982

UK Steel and Stockholding

The future of Britain's steel industry is uncertain. Massive cutbacks and European Commission measures have recently improved trading figures but supply still exceeds demand. No-one is predicting a major recovery and moves in America may soon worsen the position.

Slow recovery has fragile foundations

BY IAN RODGER

A NERVOUS calm prevails in the UK steel industry.

The horrific cutbacks of the past two years are on the way to being completed and the British Steel Corporation and other steel companies are beginning to see some sensible trading figures in their internal accounts.

The recovery to date is, however, built on the most fragile *of foundations* and consists of loss elimination and price increases only. No-one in the industry claims to see a significant upturn in demand. BSC, for example, is looking for only a 1.5 per cent rise in the output of the major steel consuming industries this year.

Supply still far exceeds demand and price increases have *only been achieved* because the European Commission imposed production quotas on community producers in November 1980 and required them to publish and stick to their prices from June 1981.

These measures have worked *surprisingly well to date* and their renewal next month by the Council of Ministers for at least *another year seems a certainty.*

But the first effects of the anti-dumping suits filed by U.S. steel producers early this year against several European companies will be felt next month as well. And the effective closure of the U.S. market that could occur threatens to undermine the delicate balance between supply and demand in European steel markets.

This, in turn, threatens BSC's *scheduled recovery to break-even* point next year under the three-year "slimline" plan designed by Mr Ian MacGregor, chairman.

As he enters the final year of his three-year contract, Mr MacGregor is under increasing pressure not only to make a success of his plan but also to hive off more parts of the *corporation to the private sector.*

Contraction

Whatever happens in the next year, the longer term future of the British and European steel industry is far from clear. Recent *riots by steelworkers in* Belgium protesting against plants closures showed once *again how hard it is for the* Commission to implement its medium-term plan to reduce overall capacity in line with foreseeable demand.

BSC's view, solidly backed by the British Government, is that it has done more than its share in the past two years. Indeed, the scale of the contraction within the corporation is almost unbelievable.

By 1979, BSC had already responded to the weakening of demand since the 1973 oil crisis by cutting capacity from 27m to 21m tonnes. But in the past two years, it has slashed manned capacity to 14.4m tonnes *and shed 66,000 jobs*, a third of its labour force. Redundancy charges alone *reached nearly £400m.*

Despite these cuts, the real gamble *in* the corporation's "slimline" plan was that it could maintain its five bulk steel production sites, Port Talbot and Llanwern in Wales, Scunthorpe and Teesside in England and Ravenscraig in Scotland, rather than eliminate one of them.

The plan was based *on* the assumptions that BSC would recover its home and export *markets lost during the 1980* strike and that the home economy would gradually improve this year. If that happened, the corporation could with luck break even by spring 1983, compared with a forecast loss of £338m in 1981-82. It also hoped to be operating strongly enough to be able to consider restoring some idled capacity.

The parts of the plan over which BSC has had some control *have gone well. The corporation* pushed up its prices since the European crisis measures went *into effect and it has* fought hard to regain its 54 per cent share of the home market.

Thanks *in* part to the excellent international contacts of its chairman, BSC has also scored some export sales coups. In April, for example, BSC won a £10m contract to supply Kaiser Steel Corporation in the U.S. with 75,000 tonnes of steel slabs.

Demand in many bulk markets remains weak, however and the corporation is anticipating no increase in *deliveries* this year over last year's 10.3m tonnes.

The great tragedy of British steel is not that it reflects the *decline in the British Steel* Corporation," Mr MacGregor said recently. "It reflects a *decline in the British manufacturing industries."*

Mr MacGregor has always *said the slimline plan was* optimistic and some observers wonder if it is now being undermined by the lack of recovery in demand.

Having *cut production staff* severely, they argue, BSC's only available option for further contraction, if this became necessary, would be to shut one of the big sites. At this point in the life of the Conservative Government, such a move would be very difficult.

But in his testimony to the Commons Industry and Trade Committee last November, Mr MacGregor *indicated he was* still looking for significant reductions in the workforce with*out capacity cuts, aiming to get* the total employed down from about 100,000 today to 62,000.

Much may depend on the next moves in the attempts by U.S. steel companies to reduce the flood of imports into their home market. After the sharp rise in U.S. imports last year, particularly of pipe for oil exploration, U.S. steel companies slapped anti-dumping suits on European, Japanese and other steel exporters.

Unprofitable

As of June 10, the affected companies, including BSC, will have to post bonds covering any *potential amounts that might be* assessed against them on their U.S. steel deliveries. This will *make it unprofitable to export* to the U.S. Vigorous attempts are being made to diffuse the issue out *of court* but time is running out.

BSC's sales to the U.S., at 0.5m tonnes a year, are not great in terms of volume nor in terms of the corporation's overall exports of $2\frac{1}{4}$m tonnes, but they are concentrated in high value engineering and special steels.

Moreover, as Mr MacGregor *has said, the real concern is not* so much the closure of the U.S. market as the prospect of the *displaced steel* being aimed at the fragile European markets.

Excess capacity and weak demand in 1980 had combined to plunge European product prices well below levels prevailing in Japan and North America.

Late in the year the European Commission declared a "manifest crisis" and imposed production *quotas on Community producers*. This measure alone proved inadequate and so last June the Commission required all producers and large stockholders to post and stick to their prices for most products.

To the surprise of many, the measures *have* worked fairly well. Certainly, they have enabled both BSC and the private British producers to recover considerably from the financially ruinous terms of trade prevailing a year ago. On average, prices have risen about a quarter in the past year and are now slightly above 1979 levels.

There are, of course, problems with the measures, the fundamental one being that they tend to ossify the existing industry structure rather than encourage innovation and efficiency. But the idea is that they are a temporary expedient while the industry gradually cuts its capacity before Government subsidies are removed.

To make sure this happens, the Governments of the ten ECSC member countries have agreed to eliminate all subsidies to their steel companies by the end of 1985.

Inevitably, there have been complaints about the fairness of *the quotas imposed on* individual companies. The current negotiations towards *renewing the measures for at* least another year are being spiced by attempts by various groups to claim bigger shares.

A more substantial point on the agenda is the attempt to subject a number of additional products to the crisis measures.

For example, narrow cold rolled strip was not included within the list of products covered by the ECSC when the treaty was signed in 1951. But technology has since advanced in hot rolled wide coil to the point where it now competes with the cold rolled.

Britain, whose special steels industry has been hard hit by *low-priced imports*, is making a major effort to make most of these products subject to con*trols as well. Support for this* proposal is said to be limited.

While the British Government worries about the determination of other European governments to pursue steel capacity cutbacks, it has intensified its efforts in the past year to complete the job in this country.

It has, for example, commissioned *studies of the* state of three sectors, special steels, cold rolled narrow strip and bright bar, with a view to helping companies negotiate rationalisation. It has also backed a project by Lazard Brothers to rationalise the steel castings sector.

More important, last December, the *Government* agreed to make available £22m to help the financially strained companies in the private sector face the costs of the redundancies and relocations.

BSC has already been involved in two of the largest attempts at rationalisation schemes to date. With Guest, Keen and Nettlefolds, it set up *a new company*, Allied Steel and Wire, last June combining the two companies' rod and wire and GKN's *light sections* interests.

Mr MacGregor has said he wants to develop the high value added sectors of BSC's business but many of these, including engineering steels, are those in which there are real prospects *for privatisation deals*. And the performance fee to be paid to Lazard Frères in New York at *the end of the chairman's* contract next year will depend, inter alia, on progress in hiving off segments of BSC to the private sector.

CRUDE STEEL PRODUCTION

By country, '000 tonnes, monthly averages.

	1978	1979	1980	1981
Belgium	1,051	1,121	1,025	1,024
Brazil	1,009	1,147	1,276	1,101
Canada	1,342	1,340	1,324	1,233
Czechoslovakia	1,274	1,234	1,269	—
France	1,903	1,947	1,930	1,760
East Germany	581	585	609	—
West Germany	3,438	3,837	3,653	3,468
India	842	845	786	878
Italy	2,024	2,021	2,209	2,043
Japan	8,509	9,312	9,284	8,472
Luxembourg	399	412	385	316
Netherlands	466	484	439	456
Poland	1,604	1,602	1,624	—
Spain	930	1,009	1,056	1,077
Sweden	360	394	353	314
UK	1,693	1,789	940	1,298
U.S.	10,359	10,273	8,474	9,065
USSR	12,620	12,417	12,333	—

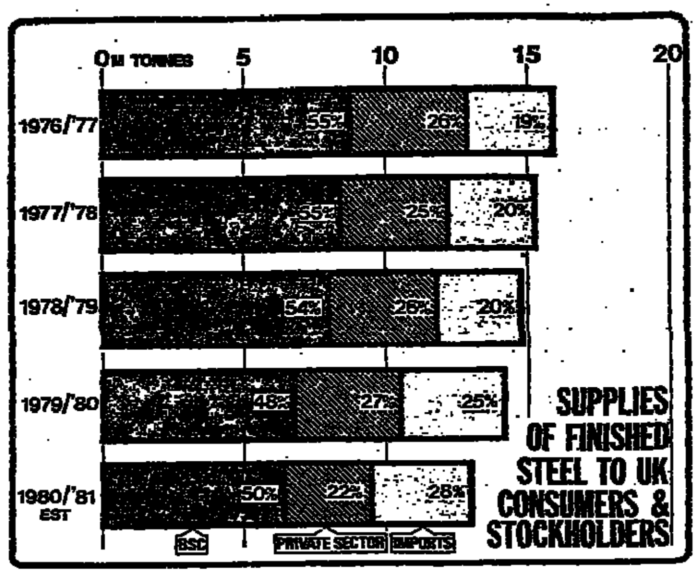
Source: Iron and Steel Statistics Bureau.

IN THIS SURVEY

UK STEEL AND STOCKHOLDING II

British Steel Corporation's sales drive increases the gloom caused by depressed markets

More casualties expected in private sector



ALREADY dangerously weakened by depressed markets and prices, the private sector of the UK steel industry has had to contend in the past year with British Steel Corporation's aggressive drive to regain market share after its disastrous 1980 strike.

The results have been dramatic. Two major mills have been closed, most companies have suffered crippling losses and more than 20,000 jobs have been shed since 1979.

The carnage is by no means over. Although many prices have improved—thanks to the European Commission's crisis measures — business remains poor.

Already, 18 applications are being prepared to take advantage of the Government's belated £22m redundancy and restructuring scheme announced last December. And pressures remain strong for further major rationalisation in the engineering and special steels sectors and in steel castings.

The first and largest casualty to date in the current slump was Duport. Having spent £35m in the late 1970s on a new engineering steel complex at Llanelli, the group encountered losses of £7.9m in steel in the year to January, 1981. Heavily burdened with debt, it shut the mill, sold its rolling mills to BSC for £22.5m and launched a rescue rights issue.

Duport was one of four private sector companies that had been trying urgently to hammer out an overall rationalisation scheme with BSC in engineering steels.

A few months after this closure, Tube Investments, which was also under financial strain, agreed to sell its 50 per cent interest in Round Oak Steel Works to its partner, BSC. Then the Lonrho-owned Hadfield chose to shut down much of its engineering steel operation rather than sell out to BSC.

That left only BSC and Guest, Keen and Nettlefolds, and they announced in February that it had "not been possible to identify a viable basis on which to structure a joint venture."

BSC's view is that it has already cut back its engineering steel capacity by nearly 50 per cent and is left with high quality plant that is operating satisfactorily. It also wants to build up its business in the higher value added sectors.

However, the pressure on the corporation to hive off successful portions of its business grows as the three-year contract of its chairman, Mr Ian MacGregor, moves into its final year.

BSC has already succeeded in floating off one of its operations, the Scunthorpe wire and rod mill which has been combined with GKN's section, wire and rod activites in a joint venture called Allied Steel and Wire. GKN's section, wire and rod activities had been losing heavily but the chairman of Allied now says the company should break even next month.

The creation of Allied also turned out to be the signal to Johnson and Firth Brown and Arthur Lee that there was no future for their interests in the steel wire and rod field.

A year ago, JFB sold its Johnson and Nephew steel wire businesses to a South African company for £9m and closed its Greening Wire subsidiary. In November, Lee reduced its interest in Alloy Steel Rods, a joint venture with BSC, from 50 per cent to 20 per cent in an exchange deal that saw Lee buying BSC's 50 per cent stake in Lee Bright Bar.

Flexibility

That leaves Allied Templeborough Rolling Mills (in which BSC has a 50 per cent stake), and two independent mini-mills, Sheerness Steel and Manchester Steel with almost all the UK wire and rod capacity.

The mini-mills, with their great operating flexibility and low overheads, contributed significantly to the unexpected growth of the private sector in the 1970s. But they have been hit hard in the past two years, not just because of depressed home markets but also because of the emergence of mini-mills in other countries, particularly in the third world. Export markets have dried up and imports into the UK have become a serious problem.

Under the European Commission's crisis measures, the mini-mills' product range, particularly reinforcing bars, have been subjected to very severe production abatement. But at least the improvement in prices is enabling the companies to cover their costs.

Undoubtedly the weakest and hardest hit segment of the private steel sector has been special steels. According to a study carried out last year for the Bank of England, by Sir Frederick Warner, UK demand for high speed and tool steels declined steadily through the 1970s as the engineering industry stagnated.

Meanwhile, the relatively small UK producers, mostly based in Sheffield, were having increasing difficulty in meeting competition from more efficient foreign producers. The import problem has been exacerbated in the past three years by very aggressive pricing by some importers and by the strength of sterling.

Imports now account for about 60 per cent of the UK market for high speed, tool and special grades of stainless steels compared to 13 per cent 10 years ago.

Warner concluded that UK capacity of about 80,000 tonnes a year was about double the foreseeable demand from UK producers and proposed further major rationalisation.

Before any deals could be organised, however, the market situation deteriorated so much —most special steels are not covered by the ECSC crisis measures—that companies had to take drastic action on their own.

Aurora Holdings, the group which tried to become the major force in the sector in the late 1970s by acquiring Samuel Osborn and Edgar Allen Balfour, has closed down five of its six sites and cut steel staff from 2,200 two years ago to 350 today.

Aurora's trading profit in steel jumped from £0.8m in 1978 to £2.2m in 1979 but then the group's steel division plunged into a £5.8m loss last year and absorbed £4.2m in closure costs.

Other companies too have taken severe measures. Sanderson Kayser, the subsidiary of GEI International, has cut its workforce from 1,100 to 547 and Neepsend has shed 540 of its 1,600 jobs.

Opinions are divided about the desirability of further consolidation. Mr Arthur Watt, managing director of Aurora, points out that the group's problems arose partly because it was unable to retain most of the business of the companies it acquired.

"Buyers of high speed and tool steels like to buy from more than one supplier."

Others wonder if that problem arose mainly because the consolidation in the sector did not go far enough. Certainly, more mergers among smaller companies in what remains of the sector seem likely, although all are now so financially weakened that it is going to be difficult to structure deals.

The special steel producers have been lobbying vigorously to have their products brought within the controls of the ECSC crisis provisions and have succeeded in gaining the strong support of the UK Government. However, chances seem slim that all the other EC members will agree to the move next month.

The special steel sector also includes Johnson and Firth Brown, although this company is almost in a category of its own, making super alloys for jet engines, aircraft landing gear and the like as well as steel rolls.

A 10-year agreement between JFB and BSC for sharing the heavy forging business came to an end last month and there has been considerable speculation about a possible joint venture along the lines of Allied Steel and Wire.

Aggression

JFB says no talks are under way at the moment. It is obviously apprehensive that BSC will compete aggressively in the under-70 tonne market which was hitherto JFB's preserve and more profitable than the larger end held by BSC.

But JFB's own finances are so stretched at the moment because of the collapse of its aerospace business that it is in a poor position to negotiate a scheme with BSC.

However, the pressure is on in this case as in others to negotiate quickly because applications for aid from the Government's £22m scheme must be in by the end of September.

Recent Government-sponsored studies on the cold rolled narrow strip and bright bar sectors are pointing the way to rationalisations in these areas. Partly in anticipation of moves in the strip sector, Glynwed early this month made a £20.6m agreed bid for Ductile Steels.

And now that F. H. Lloyd has agreed to reconsider participating in Lazard Brothers' rationalisation scheme for the general steel castings sector, there should be more progress in that field as well.

Ian Rodger

Corporation on target to achieve continous casting aim

WITHIN THE next two years, BSC should have achieved its aim of continuously casting around 50 per cent of its total output.

Once that target is reached, it will put the British steel industry among the most advanced in Europe for the application of the technique, thanks largely to more than a decade of heavy investment by the corporation.

A comparison with the Japanese, the world leaders, is less favourable. One company, Kawasaki, boasts 90 per cent continuously cast output and a number of other companies well over 50 per cent.

With no major developments in the basic techniques of steel making, continuous casting is seen by many experts as the most important single contribution to the future of the industry.

It is expected that by 1990 half the world's steel output will be continuously cast while the traditional ingot route of steelmaking will continue to decline.

During the past decade, the tonnage of steel continuously cast has increased more than tenfold but currently one-fifth of the world tonnage is produced using the technique.

The introduction of continuous casting in Britain has not been without problems. A number of consumers, particularly in the engineering sector, were nervous about the quality of steel produced using the continuous casting method.

In conventional steel production molten steel is poured into an ingot, cooled and then reheated for rolling into billets and blooms. The cooling and reheating strengthens the steel.

The continuous casting process by-passes this step, as the molten steel is poured directly and continuously into billet forms.

The need for soaking pits, ingot moulds and primary and intermediate mills is thus eliminated, less energy is used and less molten steel is wasted.

BSC believes that a lot of the initial consumer resistance to continuous casting has been overcome since technological developments have considerably improved the quality of the end product. But as one steel expert said: "A lot of people are still nervous."

Continuous casting is certainly not a new technique. Both the Germans and the Allies experimented with it during the Second World War. Britain was the first country in the world to open a commercial continuous casting plant when Barrow started up in 1952.

Investment

Since then, the process has been regularly updated. Almost all grades of steel can now be continuously cast but the high capital cost of the machinery means that it is only an economic proposition for good quality, large volume steel production.

BSC believes its substantial investment in new machinery and research and development have kept it abreast of all the latest improvements in the field of continuous casting.

Last year it had eight slab-casting machines, with a total of 13 strands, an eight-strand bloomcasting machine at the Lackenby plant in Scunthorpe already in operation and more machines being installed.

BSC will make a further step forward in the application of continuous casting techniques before the end of this year when it starts production from its first machine capable of handling round sections at Stocksbridge near Sheffield.

The new machine will produce sections without bending the metal before it cools to avoid weakening the material.

The decline in BSC's financial fortunes has entailed a rapid cutback in the level of capital expenditure from £579m in 1976-77 to £185m in 1980-81 and the trend will continue downwards.

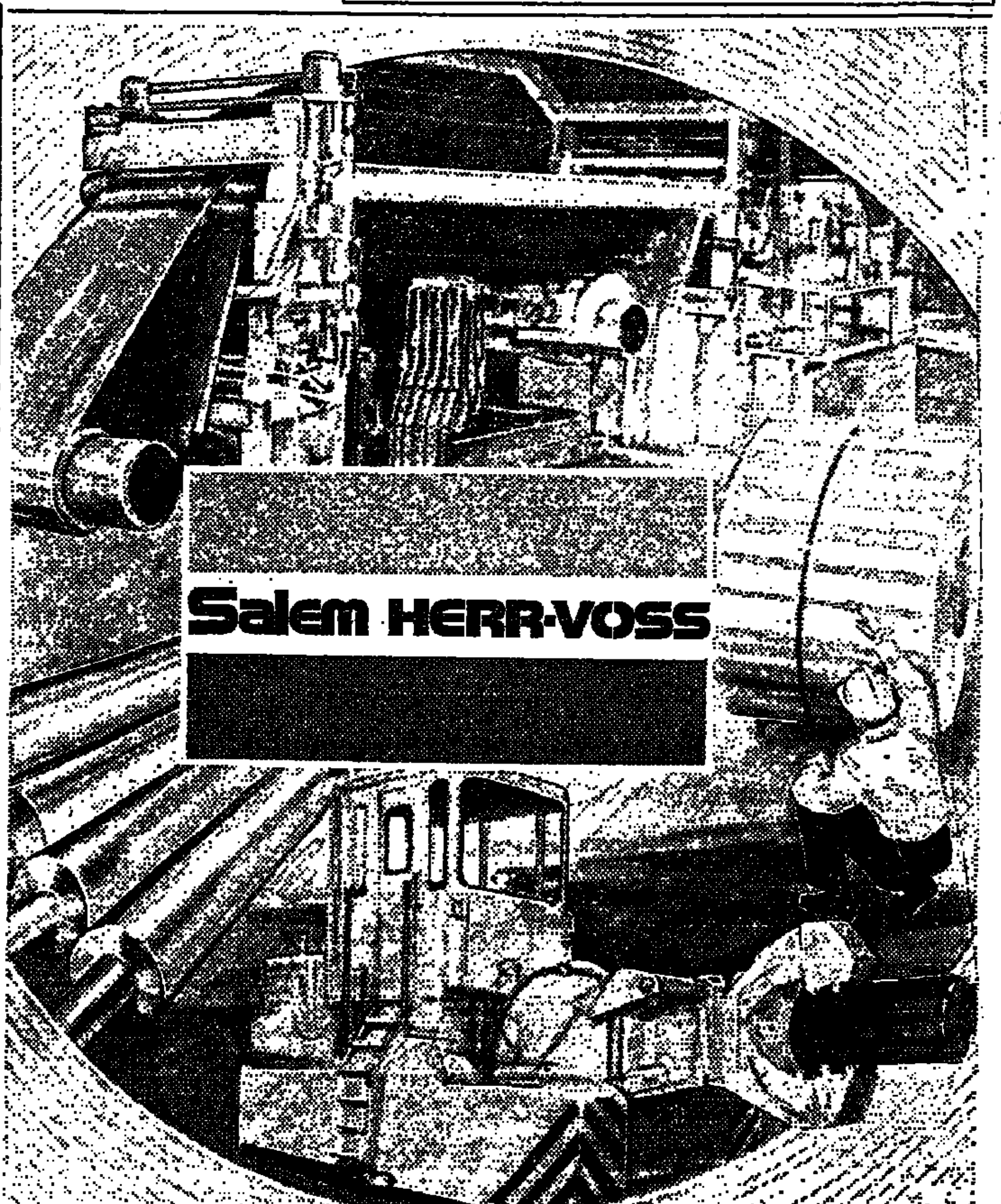
Tight cash limits mean the corporation has had to be more selective about the areas in which it invests. The rule now is that only projects which have a direct benefit on cutting costs, for example, through energy conservation or improving product quality, will go ahead.

The squeeze on profit margins has undoubtedly affected the level of research and development throughout the steel industry, experts agree. But small advances continue to be made in the area of applied computer technology, better environmental controls and wider, more versatile steels.

Experts also believe that the direct reduction technique which uses pellets of high quality iron ore, thus eliminating the initial expensive process of making pig iron, also has a future.

Its development depends very much on the price of gas—as BSC discovered at its ill-fated Hunterston project a few years ago. But for large developing countries, such as Nigeria, with considerable resources of natural gas, the direct reduction plant which does not require the immense capital expenditure of the blast furnace is bound to prove increasingly popular.

Mark Webster



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UK STEEL AND STOCKHOLDING III

Productivity boosted by manpower cuts

THE WORKFORCE of the British Steel Corporation currently stands at around 100,000—less than half the total of the mid-1970s.

Even this remarkable statement does not convey the speed with which the bulk of the huge manning reductions have been achieved. The 1979-80 financial year ended with 166,400 people working for BSC. By 1980-81 120,900 were employed.

The current 100,000 total is actually somewhat lower than the corporation's own expectations, partly because of the recent disposal to Trafalgar House of Redpath Dorman Long, the heavy engineering arm which has 3,200 employees.

A combination of closures and manning level reductions has led to the vast bulk of the reductions in recent years as BSC has struggled to achieve internationally competitive productivity levels.

Indications are that, when the results for BSC's performance in the 1981-82 financial year, which ended in March, are published, productivity levels will be shown to have improved as remarkably as its workforce has declined.

Productivity, measured in man hours per tonne of liquid steel produced, has risen from 14.5 in 1980-81 to 8.4 now, the figures will show.

Profitable steelmaking also depends upon high capacity utilisation and the corporation has been achieving a level of around 98 per cent of manned capacity.

Flexibility

The productivity improvements have called for more than the straightforward shedding of labour. BSC has had to achieve far greater flexibility from a workforce which once enjoyed a reputation for being strongly demarcation-conscious.

Accomplishment of BSC's productivity strategy has been helped by the atmosphere of crisis in the industry during the recession and by the fact that the corporation has been able to offer relatively generous redundancy terms.

The most important element has however been BSC's success in shifting pay negotiations from national to plant level and making local pay increases dependent upon the achievement of productivity improvements.

The largest steel union, the Iron and Steel Trades Confederation, threatened an overtime ban when the corporation indicated it could make no national-level pay offer this winter. Subsequently the ISTC withdrew.

Under a formula agreed between the two sides an element of locally negotiated productivity bonuses may be consolidated into basic earnings during the second half of this year, if the productivity improvements are considered to be permanent.

But, although the productivity levels of BSC's most efficient plants are now up to good international standards, the corporation is chasing a moving target. This means that the drive to reduce manning levels and improve working practices will not come to an end. Today's 100,000 workforce can be expected to be closer to 90,000 by the middle of this year.

The review of manning is being concentrated not only on the direct production areas—which took the bulk of the early cuts—but among maintenance and staff workers.

Maintenance consumes a considerably higher proportion of total labour costs in some plants than others. On the white-collar side all aspects of the corporation's activities—including the management structure—are being examined for further economies.

No precise, ideal manning complement to produce BSC's 14.4m tonnes capacity has been identified but Mr Ian MacGregor, the chairman, has pointed out that, for example, the Steel Company of Canada has a capacity of 21m tonnes and a workforce of 62,000.

BSC's redundancy and closure payments for 1981-82 are expected to total £209m. But, in spite of these payments to individuals, the cost to communities where large numbers of steel jobs have disappeared has been great. Former steel areas are now struggling to cope with some of the most serious unemployment problems in the country.

BSC Industry, a corporation subsidiary, is actively involved with other agencies in trying to attract employment to declining steel areas.

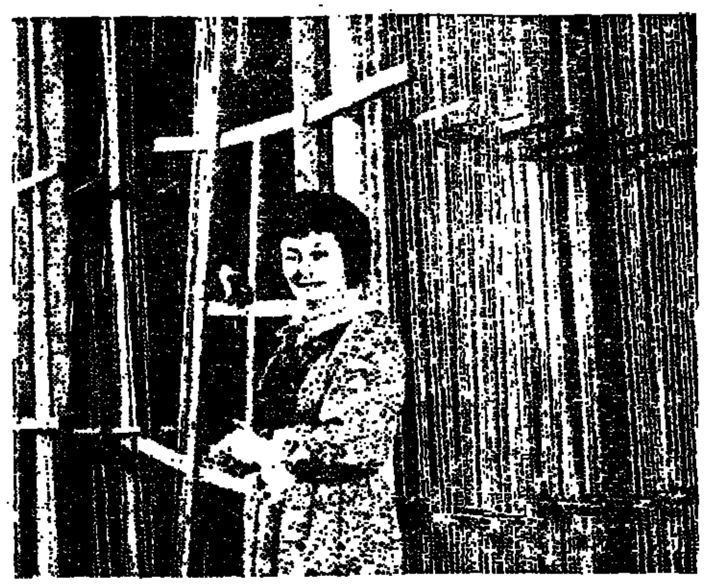
It operates in a dozen locations in England, Scotland and Wales and between April 1978 and the end of last year it helped 900 businesses start up, develop or relocate in steel towns.

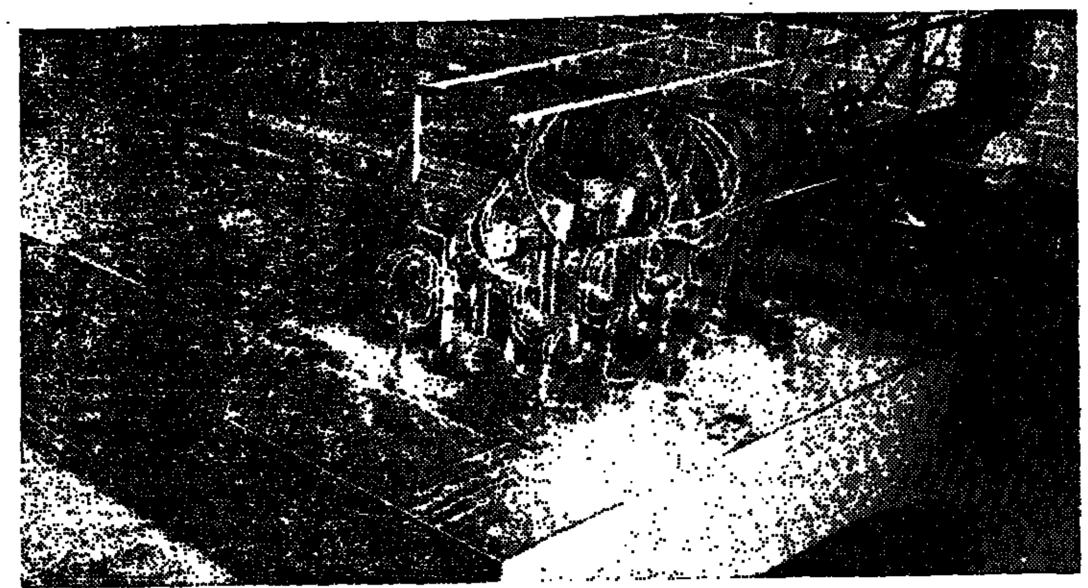
An important feature of BSC Industry's work has been the provision of sets of small, flexible workshops developed on redundant steelworks sites, sometimes enabling ex-steelworkers to start businesses.

Today there are workshops at Port Talbot, Cardiff, Newport, Blaenau Gwent, Corby, Scunthorpe, Workington, Hartlepool, Consett and Glasgow.

In a report published last month BSC Industry said that, at the seven workshop complexes operating at the end of last year, a total of 198 units were occupied by 162 companies employing 757 people. A further 16 companies—with 92 employees—had expanded to new premises outside the workshops, while in the three years to December 1981, 30 tenants with 66 employees had decided against carrying on.

Alan Pike





Left: a woman in a man's world—Mrs Lydia Skinner, managing director of RDM Metal Services Centres, specialists in stockholding steel and aluminium. Right: a special water table—designed to allow steel to be profiled more accurately—at the GKN steelstock profiling division in Bristol

Construction activity still depressed but restocking and advance orders lift consumption

Structural sections demand improves

UK DEMAND for steel structural sections has strengthened in recent months but this has been attributed largely to some restocking and, in particular, to orders placed in advance of last January's price increases.

Construction activity, which is the main outlet for these products, remains very depressed and is still not showing the signs of recovery that many forecasters expected.

Total orders received by contractors in the three months to January were 3 per cent lower than in the previous three months and 4 per cent lower than a year earlier. Construction activity was down 10 per cent last year after a similar fall in 1980.

Consumption of light sections was down 19 per cent in 1980 and a further 12 per cent last year to 242,000 tons while flat bars consumption fell 28 per cent in 1980 and 8 per cent last year to 281,000 tons.

Allied Steel and Wire, the joint venture set up last summer by British Steel Corporation and Guest, Keen and Nettlefolds, is now the largest private sector supplier of light sections. It describes market conditions as "extremely difficult."

Producers confirm that they have been under heavy attack from importers. In angles and channels, imports accounted for nearly a third of consumption last year while the importers' share of flats bars was about 20 per cent.

Price discipline

The imposition of price discipline measures by the European Community last summer has cleared the way for some improvement in prices. Only those stockholders that sell more than 12,000 tonnes of Treaty of Paris products per year are required to publish their prices, but all members of the general steels group of the National Association of Steel Stockholders have agreed to follow this procedure.

Nevertheless, the high level of imports in this sector has made it difficult to maintain price discipline. The 10 per cent price rise at the beginning of the year, for example, has been knocked back to 5 per cent.

In heavy sections, where BSC is the only home supplier, sluggish domestic demand has been largely compensated by a strong export performance.

Exports account for about a quarter of BSC's section sales and have been boosted in the past year by a £55m contract for structural steel for the new headquarters of the Hongkong and Shanghai Bank and two contracts worth $52m for the Seoul metro.

Ian Rodger

Stainless steel expansion matures at a bad time

WHEN British Steel Corporation embarked on an ambitious £140m expansion of its stainless steel production capacity at Sheffield in 1974 the outlook was bright.

A big nuclear power programme was in prospect and there was the promise of bringing per capita consumption levels up to the much higher levels in other major industrialised countries.

BSC's capacity was to be more than doubled to 220,000 tonnes and the corporation aimed at increasing its UK market share from two-thirds to three-quarters.

However, in the past two years, as the spending programme came to an end, both the market and BSC's overall share have shrunk drastically.

UK consumption last year was about 120,000 tonnes, down about 25 per cent from 1979, and BSC's overall share is now slightly less than half. The corporation acknowledges that its stainless business has not been profitable for the past few years.

In addition to the slowdown of the nuclear programme, sales have suffered from increases in imports of all sorts of stainless products, from kettles to ash trays.

Prices have been weak, falling some 25 per cent between early 1980 and mid-1981. Since the imposition of the European Commission crisis measures, there has been a 10 per cent rise and another 3 per cent is scheduled for the beginning of next month.

At the time of its expansion, BSC organised an aligned stockholder scheme under which six leading stockholders would receive the product on advantageous terms in return for buying 80 per cent of their requirements from the corporation.

'Inner circle'

Stock holders play an unusually important role in stainless markets, accounting for about 60 per cent of deliveries. This is because customers, notably in the process plant area, often need product urgently for repairs.

At first, the so-called "inner circle" scheme didn't work well because BSC did not have a wide enough product range to satisfy the large stockholders. Later it became less relevant as the number of stockholders carrying stainless increased and so it was dropped.

With one or two minor exceptions, BSC now has a full product line and is aiming to convince all stockholders that it can be a reliable and comprehensive supplier.

However, after the 1980 steel strike, stockholders remain wary and are continuing to buy from traditional European and other foreign suppliers.

The largest segment of the stainless market is cold rolled sheet and strip, which goes into a wide variety of consumer durable products, heating and ventilating ducts and building products. BSC supplies about 45 per cent of the 80,000 tonnes a year consumed in the UK. Stockholders noted a distinct downward dip in demand at the beginning of the second quarter this year, reflecting, they suspect, a drop in consumer spending.

The corporation's position is much stronger in hot rolled plate—about 70 per cent of the 30,000 tonnes a year consumed—but demand from the nuclear, food and brewing industries is still depressed.

Heavy import penetration and dwindling demand from the engineering industries in the past few years virtually eliminated British sources of commercial grades of stainless bar. But BSC decided last year to meet the stiff price competition and has clawed back about 10 per cent of the 20,000 tonne market.

I. R.

Flat-rolled sector in export drive

WHILE ALL sectors of the steel industry have felt the icy winds of the recession, flat rolled products have probably been shivering more than any other.

BSC recognised in the 70s that it had far too much capacity considering the disastrous fall in orders from the automotive industry and engineering. As a result it closed the flat rolling mills at Ebbw Vale and Shotton and halved the work forces at the remaining three strip mills in Ravenscraig, Port Talbot and Llanwern.

The BSC Corporate Plan proposed that the three strip mills should keep a manned capacity of 5.5m tonnes of liquid steel a year, linked to improved cost performance and selling price.

The corporation says it achieved a "dramatic improvement" in productivity at the mills as a result of the cuts. For the past few months all three have been running "flat out" on the new manning levels though they are well below their nominal installed capacity.

BSC still has a long way to go, however, if it is to recapture its market share of the early seventies both at home and abroad.

Imports now account for nearly half the total domestic consumption of flat rolled products. BSC says this is partly a reflection of price and partly a reflection of the desire by British industrialists to buy products from more than one source.

Improvement

To win back some of the ground it lost in Europe during the 1980 strike, BSC launched a major export drive. It claims success despite the weak prices set by European competitors.

The corporation's annual report for 1980-81 pointed out that the BSC Strip Products Group, comprising BSC Strip Mill Products, BSC Tinplate and BSC Associated Products Group, showed a steady improvement in its financial performance during the second half of the financial year despite difficult trading conditions.

Full time working at the three integrated strip mills has enabled the corporation to maintain a consistent production rhythm and consolidate the gains from increased productivity.

At Llanwern, the number of man hours required to produce a tonne of liquid steel was cut from around 9 before the steel strike to 4.6. At Port Talbot the average is now 5.7 man hours for a tonne of liquid steel.

The recession has affected the markets for hot rolled and cold reduced products. Sales of galvanised sheet have increased slightly and the tinplate market generally recovered substantially last year after a disastrous fall-off in 1980.

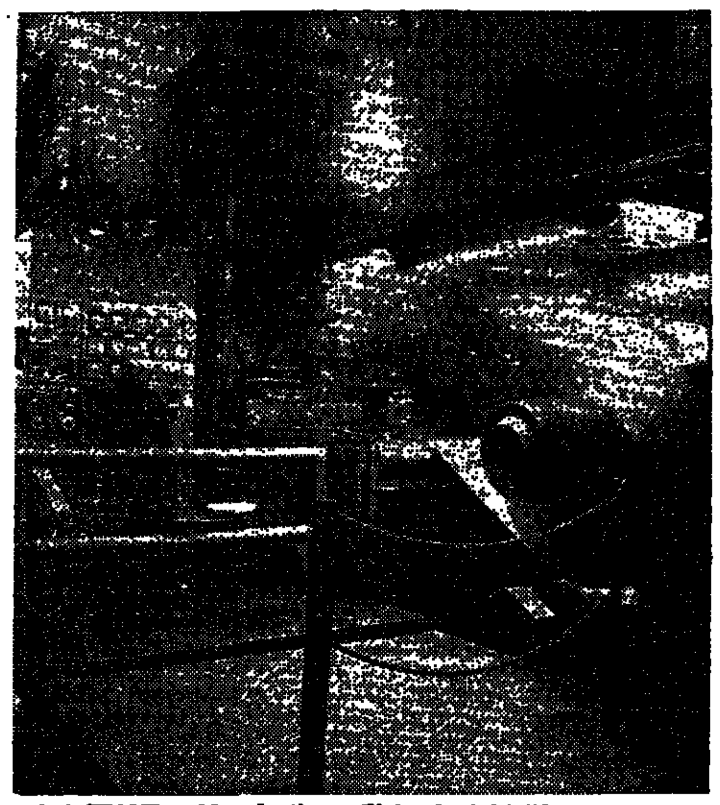
Mark Webster

UK FINISHED STEEL PRODUCTION*

('000 tonnes)

	1978	1979	1980	1981
Rods and bars for reinforcement	19.9	18.9	13.6	13.4
Wire rods and other rods and bars in coil	32.9	34.2	19.3	22.1
Hot rolled bars in lengths	30.9	31.5	20.8	19.6
Bright steel bars	10.0	9.3	6.8	6.2
Light sections other than rails	6.0	6.8	5.1	4.6
Heavy and light rails and accessories	4.5	4.9	3.4	4.1
Other heavy sections	36.7	36.7	25.7	35.0
Hot rolled plate and sheet in coil and in lengths	126.6	140.9	71.8	114.4
Cold rolled plate and sheet in coil and in lengths	71.8	74.0	36.0	58.1
Hot rolled strip (rolled as such)	21.8	21.4	8.0	4.7
Cold rolled strip (rolled as such)	8.7	8.2	5.9	5.6
Tinplate	21.7	21.3	11.5	16.5
Zinc coated	12.8	16.2	9.0	13.1
Other coated	2.2	2.7	1.7	2.7
Tubes and pipes	26.3	26.4	18.0	22.1
Tyres, wheels, axles and rolled rings	1.1	1.1	1.0	1.1
Forgings	1.8	1.6	1.3	1.2
Castings	3.9	3.7	3.3	2.7

* Weekly averages.
Source: Iron and Steel Statistics Bureau.



A 4 STAND cold reduction mill in the BSC Llanwern strip mill. The number of man hours required to produce a tonne of liquid steel at the plant has been cut to nearly a half since the steel strike

Tubemakers seek to avert price war

LAST YEAR'S boom in demand for pipes by the U.S. oil industry made it an extraordinary 12 months for suppliers throughout Europe. But the rapid collapse of the market at the start of this year has left manufacturers with the uncomfortable realisation that the considerable excess capacity is about to be exacerbated by the commissioning of several new plants.

It was the increasing attractiveness to investors of oil exploration following price deregulation which created the U.S. boom last year. Frantic pipe buying throughout Europe and elsewhere meant that the U.S. doubled its stocks and prices went up by as much as 60 per cent.

European producers, faced with sluggish demand at home, were quick to exploit the opportunities in the U.S. However, the falling price of crude late last year, eroded the margins which had made exploration so attractive. At the same time, it became apparent that the U.S. market was heavily overstocked.

Competition

Since the start of this year, U.S. suppliers have been anxious to de-stock and bring their own inventories in line with falling demand. In Europe, no new outlets have emerged and fierce competition has started between manufacturers.

British tube makers say the windfall of the U.S. boom simply hid the fact that Europe still suffers from overcapacity.

Some manufacturers believe the Italians have already started unloading tubes at lower than commercial prices, pushing imported steel tubes above their usual 20 per cent of the UK market.

British companies fear a price war could soon start as companies try to maintain the volume of their sales.

There is little comfort for tube makers in other sectors of the market. Demand from the engineering industry has been depressed and the construction industry, which is a big consumer of low pressure pipes for ventilation and heating, has also been in the doldrums.

The outlook for tubes both big and small is as gloomy as it was before the U.S. boom. UK demand is poor, imports into the country are growing and there is considerable additional capacity coming on stream in many countries for making the large guage pipe for the oil industry.

However there is still a feeling among British manufacturers that, provided competition remains fair, they have a future in the world market.

Tube Investments, for example, believes it can maintain healthy sales to the U.S. despite the end of the boom by relying on its reputation for quality.

In the longer term, the ghost of overcapacity will continue to haunt tube makers.

M. W.

Revived stockholders predict recovery

BRITAIN'S steel stockholders have bounced back quickly from the ravages of price cutting and destocking in 1980 and early 1981.

The price increases of last autumn and winter on most products created instant stock profits and, so far, a sustained improvement in margins. As a result, the feared major shake out of weaker companies has not occurred.

While underlying demand for steel still does not seem to be increasing, the stockholders believe customer destocking has ended and they look forward to some recovery of ordering in the autumn.

They are also relieved that last year's tension with the British Steel Corporation over marketing tactics has evaporated.

Among the leading companies, including BSC's stockholding subsidiary, British Steel Service Centres, the main concern these days, apart from demand, is that weaker companies are undermining margins in search of volume.

Last summer, when stockholders were brought within the group of companies subjected to the European Commission's crisis measures, the requirement to publish and adhere to price lists was imposed only on companies that delivered in excess of 12,000 tonnes a year.

Undercutting

About 60 per cent of UK sales by stockholders are covered by this requirement. Mr Norman Richards, chairman of GKN Steelstock, said the smaller companies have had a great time undercutting the big stockholders' prices.

The National Association of Steel Stockholders, whose 250 members account for about 85 per cent of the steel handled by stockholders, has been supporting moves to lower the level of sales at which a company will be required to publish its prices.

It is now expected that the European Commission will drop the floor shortly to 6,000 tonnes and to 3,000 tonnes for special steels.

Mr Richard Rawlins, director of NASS, estimated that this would extend coverage to about 80 per cent of UK sales by stockholders. Some companies, including BSSC, would prefer to see the European Commission's disciplinary measures applied to all stockholders, although it is acknowledged that surveillance and even identification would be difficult.

A year ago Mr Ian MacGregor, the BSC chairman, startled the stockholding industry by saying that as the corporation became more efficient, it would be able to deal directly with customers who might otherwise buy from stockholders.

"I know the philosophy," Mr Richards of GKN said. "It is called desperation."

The stockholders responded by threatening to buy a larger portion of their steel from foreign producers. They also reiterated a long held fear that BSC was engaging in unfair competition by selling steel at preferential prices to BSSC.

Since then it has become clear—through published price lists—that BSC is not giving BSSC preferential terms. Mr Rawlins claims that the stockholders have increased their share of UK deliveries to over 50 per cent in the past two years.

On the other hand BSC reports it has recovered its 54 per cent UK market share and the stockholders agree that they are taking more UK-made steel. So everyone is pleased.

The corporation has also stuck to its 1974 undertaking that BSSC would not by acquisition take more than a 15 per cent share of the stockholding market.

The group's share is estimated even after the £2m acquisition of Glynwed's general steel stockholding business in South Wales in April, at 12 to 13 per cent. BSSC says it has no further acquisition plans at the moment.

However, BSC's agreement to limit its stockholding share to 15 per cent was made at a time when the corporation's overall share of the British market was about 70 per cent. Having lost a significant portion of that share in the past few years, it might take the view that a larger share in stockholding would be sensible.

Optimistic

BSSC, which lost £7m before tax in 1980-81, has returned to profit in the past year and is said to be making a 10 per cent return on capital. It has also been incorporated as a separate company and the possibility of bringing in outside equity capital has been raised, although BSC would almost certainly want to retain control of a stockholder that buys 97 per cent of its steel from its parent.

The stockholders seem fairly optimistic about th eoutlook. Mr Rawlins forecasts that over the next year the volume of steel handled by stockholders could rise by up to 6 per cent.

Margins, which were almost non-existent a year ago, have gained about 20 per cent, he believes. But demand remains weak and, because of substantial overcapacity, any recovery depends largely on price discipline being sustained, particularly among producers.

UK FINISHED STEEL*

Estimated consumption in terms of crude steel equivalent ('000 tonnes)

Period	Crude steel production	Total†	Imports	Exports	Estimated home consumption†
1977	392.5	397.8	93.9	107.6	394.7
1978	390.6	400.0	92.2	107.1	395.1
1979	412.8	409.8	95.1	111.6	387.6
1980	216.8	240.0	117.1	66.2	307.0
1981	293.8	298.8	—	—	—

* Weekly averages. † Including stock changes.
Source: Iron and Steel Statistics Bureau.

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THE ARTS

Lyttelton

Uncle Vanya

by MICHAEL COVENEY

It is 20 years since Olivier directed this play at Chichester and, in the following year, repeated his legendary performance as Astrov (opposite Michael Redgrave's Vanya) in the National Theatre's inaugural season at the Old Vic. Pam Gems's version, directed by Michael Bogdanov, is the second Chekhov of the Peter Hall régime and a particular success for one of its most outstanding royalists, Michael Bryant.

Bryant's Vanya tumbles into view from a swinging garden seat, walking with a start and hobbling with one numbed leg down stage to the constant samovar. From the start we have a thoroughly detailed picture of the gnarled estate manager whose routine has been scuppered by the arrival of his employer, Serebryakov, and his enchanting young wife, Yelena. With a handkerchief perched ludicrously on his head, he rails against Serebryakov's useless scholarship and hollow eminence; the bile is shot through with helpless expressions of longing for Yelena.

Like all those who rail and carp against others' good fortune, this Vanya's very reasonale objections are really only another way of giving vent to his own shortcomings. His life is an utter waste of time, but for a few hours its pointlessness is suspended by a social excuse to indulge his inner turmoil. The same applies to the overworked doctor, Astrov, whose "once a month" explosion involves a drunken assault on the billiard table in Act 2 and a desperate lunge for Yelena. Dinsdale Landen, like Bryant, is on the verge of lonely middle age, even though he is some years younger and palpably more attractive.

When Miss Gems's version (does this mean it is not a translation?) was first given at Hampstead Theatre in 1979, Ian Holm's Astrov was rampantly obsessed with his vision of preserving the threatened landscape. Dinsdale Landen—not always perfectly audible—does something different in his great explicatory scene. He loses interest in the charts and maps with one sniff of Yelena's hair. Like Vanya, he is done for. When he dives on top of her, Bryant appears meekly upstage and understands everything. His bunch of red roses all but withers in his hand.

Cherie Lunghi has joined the company to play Yelena and makes of her a totally bewitching and beautiful creature. With Patti Love as Sonya, the production is strongly served in the scene where the two young girls bury the hatchet in a show of tumultuous relief. Miss Love, vaguely comic with a slightly inclined posture and determined gait, is a perfect foil and summons a most moving, residual strength for her final speech.

It all amounts to a solid, if unspectacular, evening, greatly enhanced by John Bury's design. The harsh Lyttelton proscenium is broken down by four inner frames, each cream and shaped very much like a whale. The furniture is of cane and bamboo, with some beautiful back projections to suggest woodland and vast autumnal skies.

Basil Henson is a comically pontificating bore as the professor, Daniel Thorndike suitably vacant and dithering as old "Waffles," and Madoline Thomas reassuringly predictable as the old Nurse.

Elizabeth Hall

Stravinsky Celebration

by DAVID MURRAY

Igor Stravinsky was for a time the honorary President of the English Bach Festival, which marked the centenary of his birth with Tuesday's concert (the only 20th-century programme in the EBF this year). John Carewe conducted the Suite from L'Histoire du soldat, and Renard — not, as originally intended, with dancers — and a rarity: the portion of Les Noces that Stravinsky scored for player-piano and cimbaloms, desides more familiar instruments, before he hit upon the pianos-and-percussion ensemble that we are used to now.

What had discouraged Stravinsky, evidently, was the problem of synchronising the mechanical player-piano with live musicians; last night Rex Lawson manned a 1915 Pianola, which permits speed to be discreetly varied as necessary. His part sounded well (it includes effects impossible for one pianist, and risky if divided among several pianists —as some of them are in the final version), but really the nasal snarl of the cimbaloms is what defines the sound of this draft of the music. One can't help regretting that Stravinsky gave them up in the end. Carewe got a clean, lively performance from his EBF forces; the strong solo singers included Marie Angel and Kerry Brown, whose vivid contributions drew the ear at once — interesting timbres, confident attack.

The paces of the Pianola were further shown off by the Etude composed for it and three arrangements that Stravinsky made for the machine: the Piano Rag Music (which perhaps needs a touch of wayward life) and sections from the Petrouchka and Sacre du printemps ballets. (Apparently Stravinsky committed several of his scores to piano-rolls, by way of documenting his intentions regarding tempi and so forth.) They all sounded well-honed, and less percussive — certainly less loud — than expected. Carewe's spirited account of L'Histoire du soldat, with a fallible trumpet, did not put London Sinfonietta performances out of my mind, any more than Les Noces had done.

The particular success of the evening was Renard, even undanced. One of the cimbaloms was welcomed back, and Carewe had a splendid band of players with him. The score snapped and tingled, between the renditions of the cheerfully ferocious little March that opens and closes the work. The sung action was led by the tenors Harry Nicoll and Ian Caley with great dramatic relish, excellently supported by Henry Herford and Richard Wigmore. One isn't likely to hear a better performance, nor a more communicative one (though it was done in Russian). Such unlooked-for pleasures do seem to crop up in the EBF schedule, constantly in hazard though it may be.

Elisabeth Söderström in Katya Kabanova and Renato Bruson in Simon Boccanegra

New Theatre, Cardiff

Katya Kabanova

The Janacek cycle undertaken jointly by Welsh National and Opera and Scottish Opera reached Katya Kabanova three years ago, when David Pountney's new production opened in Glasgow. After a long delay, the Welsh company has now taken up its share of operations, with an almost entirely new cast, but with the conductor, Richard Armstrong, of the Glasgow run. Tuesday's premiere was a rather complex experience to describe; for it was an account of the work of notable distinction, given on a high level of musical and dramatic accomplishment, that left me more distant from, less emotionally overwhelmed by, the opera than several less expertly finished performances have done.

The reasons for this can, I think, be found principally in the production style, and in the performance of the title role. Mr Pountne's staging, as vivified in Maria Bjornson's Munch-influenced designs, offers a heartfelt and thoroughly committed view of the work which appears to have seriously undervalued its most important features—naturalness, dramatic and musical concentration, concision of characterisation, avoidance of all melodramatic artifice. The actual topography of the settings, in which the suffocation of the Kabanicha's home should properly be opposed to the finally destructive freedom of nature and the river, is confusing: one can't be sure exactly where home ends and river begins (or indeed, where the river actually is).

A parallel imprecision can be noted in the over-heated effects of the production—its beams of "psychological" spotlight insistently flashing, its expressionist poses, its playing of the merchant Dikoj as lunatic first cousin to the Wozzeck Drum Major. One of the most moving and beautiful things about one of the most moving and beautiful of all operas is its essential simplicity; and it is this that Mr Pountney's production, for all its qualities of commitment and observant, closely meshed acting, seems to have misconstrued.

On the title role Elisabeth Söderström lavishes all the stage mastery, the sensitivity to musical and dramatic values, the lustrous eloquence of bearing and word-utterance, for which she is famed. Everything, I would say, that it requires—except animal vitality. More than once I found myself admiring the excellence of the artist; hardly at all was I caught up in the plight of the character. Miss Söderström's soprano, less freely caught and heard than on the Decca Katya recording, seemed in better shape than in other recent live encounters; it rode the vocal line, gracing the phrases with the considered touches of a mature singing-actress. What it lacked, finally, was what the whole portrayal lacked—freedom of resources, the slancio of a younger and less practised player.

The Cardiff revival confronts this fascinating Katya with a brilliant and daring choice of Kabanicha, at the same time returning to the British stage after a long absence one of the major performers of post-war opera. One hardly expected Rita Gorr's voice to have preserved without wear and tear all the vibrant amplitude of its prime; it was thrilling, all the same to discover how much sheer vocal substance the Belgian mezzo still has at her command, and how vigorously it can be placed in the service of whiplash characterisation, not less terrible or disturbing for being filled with details of fussy bourgeois propriety; though not every word was clear, the Flemish roughness of Miss Gorr's English (the work is sung in Norman Tucker's translation) seemed even to add something to the impression of crude power mercilessly unleashed.

Dennis Bailey's Boris, not beautifully but passionately voiced, cuts a striking figure, the wholly delightful younger couple are Arthur Davies and Cynthia Buchan (sole survivor of the Glasgow cast) and David Gwynne tears with appetite into the exaggerations of behaviour worked up for Dikoj — however one might measure the performance as a whole, for the thoughtful and finely alert character of its ensemble acting there could be only praise. Praise, too, for Mr Armstrong's conducting of an orchestra keyed up to its most responsive form: if much of the singing and playing, in the "close-up" acoustics of the New Theatre, verged for the first two acts on unvaried forcefulness, the marvellous freedom of Janacek's laconically lyrical invention came through with new freshness.

MAX LOPPERT

Covent Garden

Simon Boccanegra

The Royal Opera obviously has every intention of getting its money's worth out of Filippo Sanjust's 1980 production of Simon Boccanegra. Tuesday saw the opening of the second revival within six months; were the production itself more carefully detailed, its sets less inspid, there would be no need to complain. The present performances are conducted by Edward Downes, and bring to the Royal Opera House a new Boccanegra in Renato Bruson and a new Adorno in Franco Bonisolli.

For the first night there was a new Amelia also; because of family illness Kiri te Kanawa had to return to New Zealand, though she will sing in the remaining four performances. The replacement was Helena Döse. It would be gratifying to be able to say that Miss Döse fitted easily into the proceedings, and that she sang with the radiant tone that accompanies her reputation. Alas, that vocal quality was only intermittently apparent (though more obvious as the evening wore on), and her contribution to the staging was at best uncertain. Brought in for a single performance in an unfamiliar and unconvincing production she was on a hiding to nothing, and not surprisingly showed some nervousness.

An uneasy Amelia was partnered by a gauche, coarse-grained Adorno, for Mr Bonisolli was content to deliver his part in gouts of rough tone, cutting through the Council Chamber ensembles like a circular saw. More vocal distinction was supplied by Jonathan Summers and Roderick Earle as a neatly complementary Paolo and Pietro, believably rather than melodramatically conspiratorial, and by Robert Lloyd's Fiesco, though an occasionally clouded tone and lack of dramatic conviction took the edge off his assumption.

But it was Bruson's magisterial Boccanegra that redeemed the performance, consistently providing the spark that was more or less lacking everywhere else. In the prologue, his actions had an appropriate litheness, the young pirate cutting a dashing figure, while he dominated the rest of the opera simply by vocal splendour, every phrase sovereignly controlled, the tone burnished brightly. His "Piango su voi" was the highlight, and its sheer beauty brought out the best in Miss Döse's singing also. Mr Downes conducted a cogent, unhistrionic account that provided the cast with a sturdy platform had more of them been disposed to take advantage of it. But the wishy-washy settings cannot encourage much vitality.

ANDREW CLEMENTS

Sadler's Wells

MacMillan Ballets

by CLEMENT CRISP

Was it really 27 years ago that we first saw Danses Concertantes, and 22 years since The Invitation gripped the imagination? Memory and the Well's programme assures us that it is so, but these two early MacMillan pieces have lost nothing in theatrical impact in the intervening years, and looked in fine and enduring shape on Tuesday night.

The Invitation benefited on this occasion from a taut interaction between its quartet of principals. Marion Tait, of course, has made the role of the girl very much her own, and she presents the destruction of innocence with not one false or over-stressed move, while Desmond Kelly has absolute command of the role of the Husband, catching all his insensitivity, his sexual greed, and his remorse.

New to London were Galina Samsova as the Wife, a character whom she plays with the gentlest but most piercing emotional effects—her ability to convey the subtlest emotion never more true than when watching her husband flirt with the girl, and then later observing him as he implores the girl's forgiveness in the garden —and Roland Price as the Cousin.

Mr Price looks the youngest incumbent of the role since Christopher Gable, and though he misses something of the boy's physical urgency in the first scenes, he seems, by the dancing lesson, to be playing with an almost intuitive rightness. The duet with the Wife in the garden was an exceptional portrait of awakening feeling; the last meeting with the girl wonderfully judged in tenderness. Powered by four such performances, The Invitation gripped as it always has.

The opening Danses Concertantes seemed freshly studied: the accents and quick, nervous impulses of the choreography were as clear as one would wish. Siobhan Stanley has the right elegance for the ballerina's worldly solos, and Roland Price has now imposed his own long line and fluent phrasing on a role made for the buoyant and strongly-muscled style of Donald Britton.

The company give an alert reading of the work, as they do of Elite Syncopations, which they may now claim to have made their own. Their manner is less slickly brilliant than that of the Opera House troupe, but liveliness and charm—and especially Chenca Williams and Alain Dubreuil, Christine Aitken and Carl Myers, in their various duets—bring their own happy rewards.

Wigmore Hall

Uchida's Mozart

by DOMINIC GILL

Since winning second prize at Leeds seven years ago, Mitsuko Uchida has proved herself in her many London appearances to be an outstanding and richly rewarding artist. She has concentrated until now mainly on the Romantic repertoire (though a couple of Haydn and Beethoven sonatas have been notable delights); but her latest enterprise takes her out of that period entirely with a series of five recitals this month and next at the Wigmore Hall devoted to the complete piano sonatas of Mozart.

It is the commonly received, and perhaps understandably misconceived, wisdom that Mozart's keyboard sonatas, charming as many of them are, do not really contain his best work for the medium. It is true that few of the sonatas, considered whole, bear comparison with the scale and force of utterance of the greatest of the concertos—if such "comparison" were useful, which it is surely not; and that some of the finest of all Mozart's piano writing is also to be found in the four-hand, and shorter solo, works. But the fact remains that the sonatas do contain in themselves some of the most remarkable, original and beautiful music written by Mozart for any instrument; that (one or two favourites apart) they are comparatively rarely, and still less often very well, performed; and that they are probably still the most underestimated, and thus neglected, corpus of music by any major composer.

All the more praise then to Miss Uchida for taking up the challenge—and for rising to it, as she did at the first recital of her series on Tuesday evening, with such freshness and authority. The playing, as it turns out, in technique and spirit, is almost ideally suited to the subject: expressive without ever being prettified, exciting without being overblown, marvellously concentrated without ever seeming prissy or pedantic. She began with three of the six sonatas composed in Munich in 1775, seeking out in each its peculiar character—the powerful K280 in F major, full of urgent contrasts, poised around its adagio centre (perhaps the most strikingly and sparely "Beethovenian" movement of Mozart's entire oeuvre); the better known D major K284, in whose first movement the greatest pianists have been heard to come inexplicably adrift—where not merely the tiniest fluff, but the slightest maladroitness of accent, can throw out of joint a whole paragraph—which Uchida delivered with brilliant, nervous panache; and the extraordinary finale to K283 in G major, made as dramatic, and as exciting, as I have ever heard it.

She ended this first programme—her list is not chronological — with the later sonata in B flat K333 (dated by the latest evidence as a contemporary of the Linz symphony, around 1784), whose great andante she shaped with simple eloquence, every measure a fine distillation of gesture and colour, and caught with splendid agility the grand orchestral scale, the glitter as well as the tender lyricism, of the finale. No one who loves Mozart, and who loves the piano, should fail to take in as much of this series as they can.

Saleroom

Munnings stays in favour

by ANTONY THORNCROFT

"Shrimp leading ponies across Ringland Hills" by Sir Alfred Munnings sold for £30,800 at Sotheby's yesterday in a sale of modern British paintings which totalled £409,541, with 26 per cent unsold, a high bought-in total given that modern British pictures have been one of the strongest sectors of the art market in the past year.

However, Munnings always remains in fashion, his "The Devon and Somerset Hounds" making £19,800. The same price acquired "Reverie" by Sickert. "A woman in the fields" by Sir George Clausen was sent for sale by the Westminster City Council and realised £14,850, and a portrait of the Emir Faisal by Sir William Orpen made £13,200. Three paintings by Sir Winston Churchill sold for £7,260, £6,160 and £3,520, the last two coming from the collection of Miss Arabella Churchill.

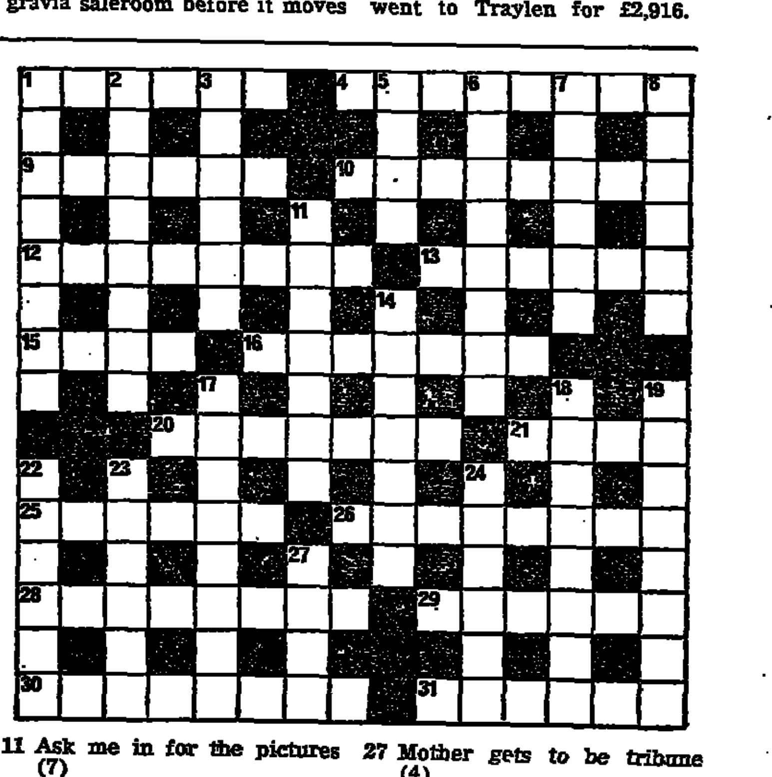
Among the paintings which failed to find buyers were a portrait of Miss Lily Ireland by Augustus John; "Sacred Love," an important work by Isaac Rosenberg; and other paintings by Sickert.

A record auction price for a potlid of £3,000 was paid at Phillips yesterday for a lid entitled "The Spanish Lady." It was sold by a Midlands dealer who acquired it in a job lot and had little idea of its value.

The last furniture sale to be held by Sotheby's at its Belgravia saleroom before it moves all its activities to Bond Street totalled £32,855. The top price was the £1,210 for a papier-maché side cabinet of around 1850. Sotheby's has now followed the Christie's practice of adding the 10 per cent buyers premium to its announced prices. However, VAT on the premium has to be paid on top of the reported prices.

A second edition of Holinshed's "Chronicles," the source for many of Shakespeare's historical plays, sold for £10,800 at Christie's yesterday to the London dealer Maggs. The vendor had bought it six months ago for £240. A four, 1685, edition of Shakespeare made £3,240 and a 1632 second folio £3,024. A first edition of "The Faerie Queene" by Spenser went to Traylen for £2,916.

F.T. CROSSWORD PUZZLE No. 4,876



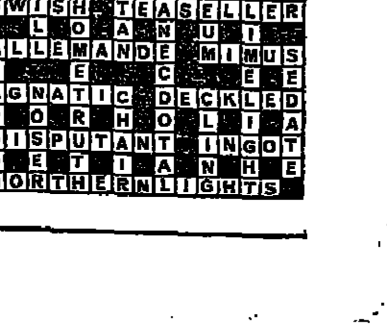
ACROSS

1 Flowery form of Maoism (6)
4 Judge of a musical instrument (8)
9 Everyone in drag is fat (6)
10 Key kept in the cupboard (8)
12 Return the Irish Police—that could cause a shock (8)
13 A hood—that's the end (6)
15 Loaned by those who want information (4)
16 Comparatively cruel as Atropos was (7)
20 Aspects include the right expressions (7)
21 There's something not quite straight in this city (4)
25 Stick a notice in this place (6)
26 One enters the church to give service (8)
28 "The quality of mercy is not ——" (MoV) (8)
29 A hot drink for example, gets a medal in return (6)
30 What a fool to call with a bird (8)
31 Here is the plot—it is all wrapped up (6)

DOWN

1 Time the communist cherished (8)
2 The fruit of invasion (8)
3 Good fellows left aboard (6)
5 Irritates, we hear, the aircraftmen (4)
6 He does not miss much of the game (8)
7 Keep the Siamese in the study (6)
8 Casual money order (6)
11 Ask me in for the pictures (7)
14 Little by little after information that is comprehensive (7)
17 The girl to enchant a Scot (8)
18 I'd get up with a pick-me-up to scale (8)
19 "What woeful stuff this —— would be" (Pope) (8)
22 Felix out of bed—what sauce! (6)
23 He's in the cart—it means punishment to take it (3, 3)
24 Unruly member from Rome (6)
27 Mother gets to be tribune (4)

Solution to puzzle No. 4875



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An unnecessary monopoly

ONE OF THE more significant *civil aviation decisions* confronting Lord Cockfield, the new Secretary for Trade, is whether to permit direct competition on the domestic trunk air routes between Heathrow and Glasgow and *Edinburgh. British* Airways has monopolised these routes for nearly 40 years. British Caledonian offers competition, but only from Gatwick. What Lord Cockfield has to decide is *whether to allow* another independent. British Midland Airways, to compete directly with British Airways out of Heathrow.

The matter has been outstanding since February last year, when British Midland first applied. The Civil Aviation Authority, after a public hearing, admitted the virtues of competition on the trunk routes, but rejected British Midland's bid because the CAA felt it had a duty not to undermine the economic strength of existing licence holders in the current *recession*.

British Airways, having lost £145m in 1980-81 and well over £200m in 1981-82, is trying to claw its way back into profit, and argued that its efforts could be jeopardised if it lost domestic trunk routes, or was forced to share them. The CAA threw out the British Midland bid, whereupon the independent appealed to the Secretary of State, upon whose desk the matter has rested since November. Lord Cockfield took over the job last month and is still reading himself into it.

Unfairly treated

The problem he faces is whether the CAA's desire to protect an existing licence holder *is outweighed* by the likelihood of improved service to the public by permitting direct competition with British Airways on the domestic trunk routes out of Heathrow.

British Midland says it is not seeking to displace British Airways, or to indulge in price wars on the U.S. pattern, but to try to pick up about 20 per cent of the 1m-plus passengers a year by offering improved service at cheaper rates. British Midland also feels unfairly treated because it has taken nearly 16 months to get nowhere, whereas British Caledonian won the Los Angeles route within 90 days of the Laker collapse. If the licensing machinery can move that fast, why not for domestic routes?

The Government, and the CAA, have already shown themselves in favour of controlled liberalisation of civil aviation by allowing more competition on the Hong Kong route and *greater freedom to fix fares on* the North Atlantic and, only this week, by suggesting to foreign governments that "seat only" tickets should be sold on package tour holiday flights.

Experiment

On every international air route, direct competition is accepted, with a British airline fighting a foreign one. But on the domestic trunks the principle is disallowed. The CAA admitted its virtues, but shied away from implementing it. It is now in Lord Cockfield's gift. If he does not want to deprive British Airways of the routes, he could license a limited competitive British Midland service for an experimental period of, say, a year. If the results were *beneficial* to the *public* he could confirm the licence.

If British Midland failed, it would demonstrate that the domestic trunk routes were being adequately served. Lord Cockfield, and the public, have nothing to lose by allowing the experiment to proceed.

It is in any case arguable that short-haul domestic routes *within the UK are more suitable* for a small, tightly run airline with low overheads than for a large international company such as British Airways. One of the valuable consequences of de-regulation in the U.S. has been the emergence of just such low-overhead regional airlines whose operating costs are well below those of the bigger national carriers. British Airways might argue that, with its new management structure and its more aggressive approach to cutting costs, it can provide a service on domestic routes competitive with anything a smaller airline might be able to offer. But this proposition should be put to the test. The market can decide the outcome.

All to play for in Germany

THE WEST GERMAN economy has shown remarkable resilience this year, chalking up a number of important good marks. Many another country might be envious of the record.

Achievements

Count Otto Lambsdorff, the Economics Minister, listed some of the achievements this week in a *spirited reply to the Federation* of German Industry, whose annual report had painted a gloomy picture of the general outlook and, in particular, severely criticised Government *policy*.

The current account, he said, was turning around after three years in heavy deficit; business earnings were improving; the inflation rate was coming down, *and so were interest* rates.

But this does not mean that the known problems of economic and fiscal management have been solved by several weeks of anguished bargaining *between the coalition* partners and with the Christian Democratic opposition. Some quite critical decisions have been shelved. In other instances, where decisions have been *taken, their* effectiveness remains to be tested by events.

This is true especially of the reflation programme which has been agreed within the coalition. The centre piece of the *programme is a 10* per cent investment premium available on those investments of a business exceeding its average annual investments in the last three years. Its effect will be enhanced by the lowering of interest rates which the recent strength of the current account has permitted.

But it is by no means certain that industry will rise to the bait of the investment premium offered from Bonn. Business profits, the most obvious investment incentive, may, indeed, be rising as Count Lambsdorff pointed out. But they are doing so from a low base.

Tests carried out by the authoritative IFO institute in Munich showed a steady decline of business confidence during the first quarter of this year —admittedly before the latest fiscal and monetary concessions became known. The investment premium is unlikely *to have more than a marginal* impact upon that frame of mind.

Sponsors of the premium hope that it will generate investments of DM 40bn (about £9.5bn) by the end of 1984. That figure has to be assessed by setting it against total investment expenditure of DM *354bn shown in the* national accounts for 1981 alone.

Nobody at present has any firm idea where the DM 4bn *in premiums* corresponding to *the hoped-for extra* investments is to come from. The coalition decided to leave that to the budgets for the next two years on the not unreasonable argument that, because of the *usual* time lags, most of the money will not be needed earlier.

The snag is that only limited progress has been made with restructuring the federal budget to reduce deficits. A year ago it was decided to hold the net borrowing requirement for 1982 to DM 26bn. But next month a supplementary budget will raise that figure to DM 32bn, largely because high unemployment has required increased subsidies to the national insurance system. This problem will not go away even if the economy gathers pace late this year, since unemployment is expected to stay high in any case.

Dr Manfred Lahnstein, the new Minister of Finance, therefore faces a difficult obstacle *course before presenting the* outlines of the 1983 budget to the cabinet next month. He must pick his way between the Social Democrats' reluctance to cut welfare transfers, even though some of them are of doubtful value, and the Free Democrats' unwillingness to increase income tax rates at the upper margin.

Economies

Choosing between economies and higher revenue, or finding a reasonable mix is something that Bonn cannot postpone indefinitely unless hope of restructuring the budget is to be given up. An economic revival would bring only limited relief on the revenue side, partly because *of continued high* unemployment, partly because no sufficiently strong revival is in sight. In spite of the solid achievements listed by Count Lambsdorff, all remains to be played for both in the contest over the budget and in the struggle for economic expansion.

EEC FARM VOTE

How Britain was outflanked

By John Wyles in Brussels

Peter Walker, UK Agriculture Minister: a restrained Commons statement

BRUSSELS derives a perceptible thrill from EEC crises. To the people in and around Community institutions, *they are a perverse*, but none the less delicious, reward for all the unremarked effort put into trying to make the Community work.

When the dimensions of the crisis seem more serious than anything experienced for 16 years, they also produce a panicky quest for self-justification. Blame is freely allocated elsewhere for the difficulties in which all now find themselves. Such fevered atmosphere does not encourage balanced judgments. The general consensus here that Britain's humiliating defeat over farm prices was pretty much what she deserved is inevitably deeply suspect. Other conclusions are less disputable. They are that Tuesday's adoption of the farm package *by an* unprecedented majority vote involving only seven member states has done enormous damage to the slender bonds of trust and confidence between Britain and her EEC partners. *This in turn will do* considerable short-term and possibly serious long-term harm to the British public's already weak attachment to the Community.

With the Falklands dispute so finely balanced, this may only rank as "the other crisis" as far as British public attention is concerned, but the angry headlines in yesterday's UK popular Press will have their impact.

Lastly, the Seven's blunt refusal on Tuesday to acknowledge Britain's right to exercise a veto over the farm price package until her dispute over Community budget payments is settled has plunged the EEC into a constitutional and procedural quandary which will need to be resolved before any more controversial decisions can be taken. The Luxembourg compromise requiring unanimity on any issue which a government says involves an important national interest has *been the basis of EEC decision*-making since 1966. Never before has a government's invoca*tion of the compromise been* first challenged and then ignored. It may have no legal force, but its political vitality has not been questioned. As a shelter for the protection of national interests, the Luxembourg compromise was an important factor not just in Britain's decision to join the Community but also in the case of Greece and Denmark, as their refusal to take part in Tuesday's vote demonstrated.

More generous to the UK than many had expected

These countries were not, however, opposed to the contents of the package which are *based on the highest single* farm price increase, 10.7 per cent, in Community history. And neither was Mr Peter Walker, Britain's Farm Minister, after he had secured an amendment or two on Tuesday. Indeed, the Government has no option but to apply the new prices in the UK from today since any farm producer who was refused them would have a cast-iron legal case. Their adoption did not infringe EEC law, merely established procedures.

It was the knowledge that Britain was basically satisfied *with the package which enabled* the governments in Paris, Rome and Bonn to convince themselves that the Luxembourg compromise was being improperly applied by Mr Walker *because it was really about* securing a satisfactory budget deal. This is how they justify an action which the British were absolutely certain would never occur. In retrospect, it is clear that London miscalculated and the lever which was expected to deliver a budget deal has come off in its hand. But why were the others prepared to take such political and procedural risks?

Several factors were at work and it is too early to say which was predominant. An important part of the explanation begins with the May 30 1980 agreement which reduced Britain's payments to the EEC budget in 1980 and 1981 and left open the prospect for a comparable arrangement for 1982 which now remains that last best hope for an early end to the budget confrontation.

At the time, two things seemed important about that agreement. The first was that it *was more generous to the UK* than many observers had expected and most of the other eight Governments in the Community of Nine had wished. In effect, it returned to the UK two-*thirds of Britain's expected net* payments to Brussels in 1980-81. Although Mrs Thatcher was not greatly impressed by the terms it was seen in Community circles as a triumphant vindication of her tough "iron maiden" approach to EEC politics. Moreover, it was secured with the help of a *threat to veto the 1980 farm price increase.*

The 1980 agreement was also intended to open the door to a longer term arrangement to limit Britain's payments through specific measures and by restructuring Community spending *away from agriculture*—from which the UK gains much less than everybody else.

These policy changes and a longer-term deal on the budget (grouped together in Community jargon as "the mandate") were, under the agreement, to be settled in parallel by the end of last year.

The Community's failure to make this deadline started the real test of Britain's political strategy. After an inconclusive budget negotiation in January, an exasperated Lord Carrington, then British Foreign Secretary, *indicated that Britain would* revert to its 1980 strategy and block a farm price rise this spring unless there was decisive progress on Britain's budget demands.

The Carrington warning set alarm bells ringing in other Community capitals and fuelled a general sense of grievance about the way the May 1980 agreement had operated.

By the spring of this year it had become embarrassingly clear that the other eight had been outnegotiated. In fixing rebates against Britain's fore*casted payments for 1980 and* 1981, they had given in to British pressure to develop a "risk-sharing" formula, which would have increased the rebates if Britain's payments were higher than forecasted. What they had failed to do was to protect themselves against the payments being *lower*.

Yet this proved to be the case, *largely because the expected* increase in agriculture spending which has such an impact on Britain's payments failed to materialise. Over the two years of the agreement, Britain actually paid close to £550m less to Brussels than had been intended.

When the heads of government met here at the summit at the end of March there was a steely determination in Paris, now under the new stewardship of President Mitterrand, and an equally iron will in Bonn to minimise concessions to the UK *in any new agreement.*

But these attitudes could still be seen in London as a partial replay of winter and spring of 1979-7980 and the basic confidence remained that the farm veto would again deliver the goods.

It was not until last Tuesday week that the veto seemed likely to be tested because not until then did the complex and difficult farm price negotiations approach a conclusion. By that time the various strands leading to this week's defeat were being pulled together. In his first budget discussion on April 27, Mr Francis Pym, the new UK Foreign Secretary, was rather curtly dimissive of the first cash offer tabled by the Nine after six months of negotiations. Fe*bates worth £1.34bn over three* years were, said Mr Pym, "a long way from what Britain is looking for."

The wayi n which that offer emerged should perhaps have warned London of a departure from the 1980 script. There were strong indications of careful co-ordination among the other Nine and that, for the first time, it was Germany not France which was planting the flag for the others to rally around.

Mr Pym was getting a tough initiation in Community politics. *To criticise a man who was try*ing to negotiate his country's way out of a war wth Argentina for failing to find the right responses in the EEC is hardly fair. But at the beginning of last week, with a confrontation on farm prices looming, senior British officials began to have doubts about their approach.

In the background were the political reverberations of the bombs and missiles exploding in the South Atlantic. At the end of last week, the British Government was no longer confident of unanimity on the ques*tion of renewing sanctions* against Argentina and it was increasing anxious about sparking a bitter row in the Community when the Falklands peace talks needed all its attention. So Mrs Thatcher reached for the lifebelt by taking the option of the third year under the May 1980 agreement and postponing the quest for a longer-term deal. Senior Commissioners claim credit for throwing the lifebelt in the shape of a compromise plan whose rejection on Sunday evening by Mr Pym was, according *to some accounts brutal*, and according to the British, merely an invitation to negotiate.

The Commission, meanwhile, and the Belgian Presidency, had decided to press for the majority vote in the farm council and France, West Germany and Italy agreed to take this path. Again the impression is that West German attitudes were crucial, particularly in persuading France that since Britain was inappropriately applying the Luxembourg compromise, it would, in fact, be left intact

*What happens next in a situa*tion where political temperatures are still running high is difficult to predict. The optimistic view is that the other Nine, having scored their political victory and, perhaps, taught a political lesson, will now be more generous and flexible. On this assessment, they will take up the proposals Britain tabled after the 12th hour on Tuesday and make the necessary concessions for a one-year budget agreement when Foreign Ministers meet next Monday or Tuesday. There appears to be ony £112m between what the Nine have offered and what Britain is now seeking and a new risk-sharing formula which would guard against all possible developments in Britain's payments this year ought not to be impossible to agree.

Mr Walker's statement to the House of Commons yesterday was noticeably restrained. But if Britain were eventually to threaten retaliatory measures such as withholding part or all of its budget payments, then the confrontation could take an even darker turn.

Equally uncertain is how the Community will sort out its procedural dilemma now that the Luxembourg compromise has been violated. One possibility is that it will be left buried. But notwithstanding a more flexible approach to majority voting in the French Government, which first emerged last autumn, M Mitterrand clearly indicated yesterday that Paris will not want to divest itself of the ultimate de-

A tough initiation for Mr Pym in Community politics

vice for protecting national interests. At the same time, it is difficult to believe that Mrs Thatcher would fight hard against a resurrection of the compromise. The issue may have to be resolved at next month's EEC summit.

If this is the only fall-out from the current crisis with which the summit has to deal, then all governments will be truly relieved. But one favourite British assumption about the Community has already been tried and found wanting this week. Another is that the Community starts to deal with its problems only when it is in a crosis. If this is wrong and the problems pust get worse, then there may be a great deal for a summit to do, and that summit may have to be an emergency one.

Men & Matters

Left-handed Eskimos

Lord Rothschild was in high humour yesterday, discussing the report he has written for Sir Keith Joseph, on social sciences and the future of the Social Science Research Council.

Ten years ago, as head of the Whitehall Think Tank, Rothschild had a go at the other four research councils. He hesitated at first to accept the new chore because of his admitted "total ignorance about social science." But Sir Keith's invitation to look into the widespread criticisms from politicians—not least from the Public Accounts Committee —offered him a chance to see whether his famous "customer-contractor principle" for funding research also applied there.

After three months of investigation, he convinced himself that it doesn't. Often the "customer" is unborn generations, he says.

He looked for "idiotic projects" of the kind politicians love to claim the SSRC funds too freely. He picked one that looked promising, on music, and asked for the referees' reports. "It was quite clear that the man who applied was very remarkable and if a remarkable man puts in for a grant I'm all for him having it."

Lord Rothschild doesn't think much of politicians. "When I came out of the Cabinet Office, my main conclusion was that I preferred civil servants to politicians."

He has no doubt that the SSRC is doing a good job in very difficult circumstances. Its overriding problem seems to lie in getting itself across to the man in the street. He was soon made aware that there was a problem with social scientists by the "appalling" tidal wave of *written evidence*, over 300 submissions altogether, from people "not characterised by brevity of expression."

But he is still chuckling over one piece of evidence from an eminent professor, which he left out of his report because it was a bit too explicit. The professor had written: "Perhaps I should add *that* I'm against sociological surveys of the type which expensively inquires into, shall we say, the incidence of left-handed homosexual Eskimos in Ashby-de-la-Zouch and then con*cludes in flatulent jargon that* they come from a disadvantaged minority."

Rothschild's advice to the SSRC is to invest in a few copies of Gowers' Plain Words. As he concluded ruefully, it is a field where "the moment you get a specialist to write he uses words like stochastic."

Inside story

Italy's strike-bound airports opened just long enough yesterday to let in one special passenger who was heading for an equally special destination.

Sophia Loren, film star, and lately promoter of her own brand of scent, stepped off Alitalia's morning flight from Geneva to be instantly arrested and sent to Caserta prison near Naples to serve a mandatory 30-day sentence for tax evasion.

It was a peculiarly Italian occasion says our FT man in Rome. By mid-day a tide of reporters and photographers had swept over Fiumicino airport.

Wearing an enormous pair of dark glasses La Loren duly appeared having earlier in the day proclaimed her innocence of an offence which revolves around the non-declaration of £2,200 of income from a film made in 1970.

"I have done nothing wrong. It was just a small mistake by my accountant who in the meantime has died," she said.

Like the mills of God, Italian law grinds slow but, alas for Miss Loren, grinds exceeding small. In 1980 her final appeal failed. Since then she has been living in prudent exile from Italy. Even an appeal for clemency to President Pertini failed. Now for personal and professional reasons she has decided that the easiest way out is to serve her modest stretch. Not only can the actress be reunited with her elderly mother, she can also start work in Italy on a new film being *shot by Lina Wertmuller.*

In any case to go to prison in Italy is no disgrace. Various baroque scandals in recent years have seen as temporary inmates a senior Bank of Italy *official, scores of* leading bankers, and a dozen top footballers.

Might not the whole Loren episode just be an effort to secure publicity for her new *film? "How vulgar* can you get?" came the acid response from her aide.

Limited offer

The ill wind from Argentina may at least blow some good towards the Royal Mint.

Coin collectors on the Mint's regular coinage subscription list have received a new mailing list with the Falkland Islands 1980 metal proof set, struck in mid-1980 and costing £13.50, at the top.

Ssubscribers are urged that it could be their last chance to purchase the set as only "very limited stocks" are now available. Similar treatment is also given to the Falklands Royal *Wedding* silver proof crown. Neither is it too late to buy, for £28.75, the Ascension Island wedding commemorative silver crown.

According to the Mint there has been no rush to buy the sets, although many customers at the Mint's London shop have shown interest and surprise in the fact that such items exist.

The Mint is coy as to how many sets have been sold since the fresh marketing approach. Apparently a substantial number of the Falkland Islands 1980 metal proof sets have been sold out of 10,000 sets which were struck.

Morning calm

A snippet of information to help businessmen, and the like, who ring the headquarters of the Austin-Rover sales and market*ing operation* at International House, Birmingham, but do not have their calls returned until after lunch.

This is not, repeat not, an example of the insouciance of a company *overwhelmed with* orders. BL is currently trading at a loss of approaching £3m a week.

No, it is a new wheeze to save money in the BL cars division at the expense of British Telecom.

Most of the 400 staff at the HQ have been forbidden to make outgoing calls between 9 am and 1 pm. Unless given "special dispensation" calls are not allowed until cheaper rate charges come into force in the afternoon.

The change was agreed with staff representatives and will save around £12,000 a year, says BL.

Mystery cruise

A trip for two on the QE-2 was originally supposed to be the prize for a draw which is being run in aid of the Newspaper Press Fund and the Stoke Mandeville Appeal.

Now the first prize has been changed to a "luxury cruise for two." The ship is unespecified.

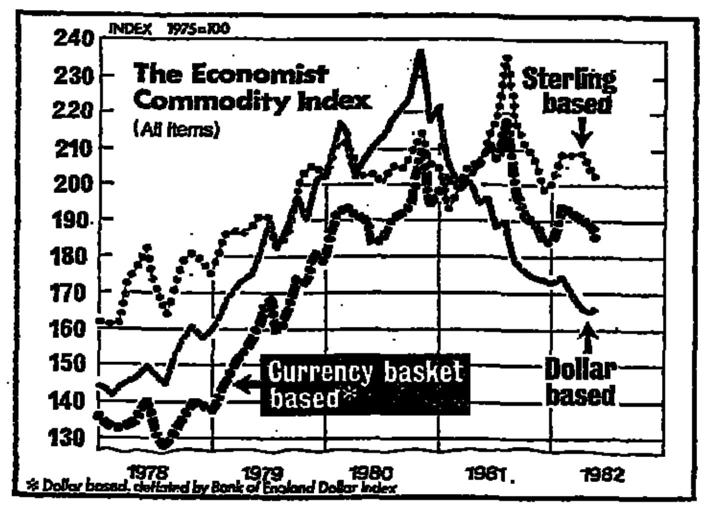
That will save a lot of embarrassment as the draw is to be made at the London Press Club's centenary reception at which the chief guest will be an excellent organiser of South Atlantic cruises—Mrs Margaret Thatcher.

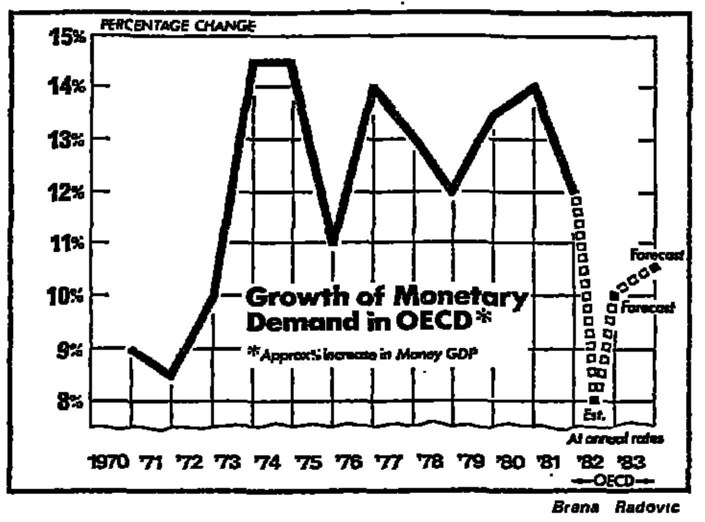
Observer

ECONOMIC VIEWPOINT

Key issues for world leaders

By Samuel Brittan





IT IS too much to hope that by the time of the western summit in Versailles on June 4 that the Heads of Government will be talking about "beating their swords into plow shares and their spears into pruning hooks" and that "nation shall not lift up sword against nation, neither shall they learn war any more —to quote that well-known and unpatriotic subversive the prophet Isaiah.

But the concerns of the world's economies—inflation, unemployment, protection and *all the rest—will not go away,* however dull and dreary some people may find them, compared to the challenges of the battlefield.

Not that the western leaders will be short of problems to tax their imagination and ingenuity. Those doommongers who have been predicting another 1931-type depression at every sign of trouble over the last 20 years are having a field day.

Some of the world's present problems are those of success, not failure. As the table shows, the average rate of inflation in the main industrial countries has fallen from its 1980 peak of over 12 per cent to less than 5½ per cent. In the U.S. it has been running—probably erratically—*at less than 3 per cent* per annum in the past six months, and in Japan at about ½ per cent.

Commodity prices have shifted in more spectacular fashion, and have, according to the Economist index, fallen by nearly 15 per cent in terms of a currency basket since the 1981 peak. Even in periods of secular inflation, commodity prices still fall as well as rise. Nevertheless, the size of the fall, together with a dramatic deceleration in consumer price *inflation and the obstinacy* of the present world recession, merits the question: Is sound money being overdone?

The question is underlined by differences of diagnosis now appearing between economic analysts and business leaders in the hot seat.

"Practical men" are not always right. They may be so impressed by the recent past that they are slower than supposedly more unworldly people to see a change of trend. But at least their doubts should be taken seriously. The OECD Secretariat, which also forecast an upturn in its brief for last week's ministerial meeting, warned that the recovery was "technical." This meant that it was an automatic arithmetical effect of the end of destocking (or even of a slower rate of destocking) and it emphasised the downside risk.

Any diagnosis must start from the recognition that the fall in inflation is highly desirable from the point of view of output and employment as much as anything else. Whatever may be the case in Latin America, Iceland or Israel, Western economies have never fully adjusted to rapid inflation: and a shift from double digit inflation back to the slow and creeping variety can be nothing but helpful to a market system.

It will not in itself restore full employment, but will provide a chance for supply side policies—of the genuine, rather than Reaganite, kind—which have a chance of so doing.

The question now is whether world monetary demand—ie, the flow of expenditure on goods and services measured by Money GDP—will rise so little, or even *fall, that recovery is prevented,* however restrained the movement of labour and other costs. The right-hand chart is an attempt to show the approximate growth of Money GDP for the 24 OECD countries, as I have previously tried to show for the UK.

Monetary demand, measured this way, has been rising by between *10* and *14* per cent every year since 1972. So there has been no "deflation" or "demand deficiency" yet, however *many* times "Wolf!" has been shouted. But the sharper eyed will notice that OECD Money GDP growth has probably dipped to 8 per cent in the first half of 1982 and the recovery to 10 per cent in the second half of this year and in 1983 is still an uncertain OECD forecast.

Money GDP, I do not need to be told, is an objective, not a policy instrument. The IMF index of the "narrow" money supply of the industrial countries has more forward-looking properties. Although obviously very imperfect, it may be less subject to distortion than the monetary aggregates of individual countries. Its trend rate of growth is less than that of "broad money" or private sector liquidity.

But the IMF version of money does seem to have shown too rapid a drop in its growth rate for comfort. These figures, combined with fears that the U.S. M1 may be showing too high a reading because of a once-for-all shift into NOW accounts (negotiable orders of withdrawal), suggest that *the* U.S. targets may be too tight.

Indeed the present U.S. monetary stance may be as much part of the Fed's attempt to put pressure on Congress for a tighter Budget as it is of an objective monetary analysis.

But rather than simply calling for the "less rigid pursuit" of monetary targets, which opens the door to the wrong sort of discretionary demand management, the OECD would be better employed trying to devise some coherent framework of appraisal, such as the *movement* of world money on different definitions. It could also check on the appropriateness of the targets in the light of evidence on their relation to Money GDP.

Moreover, instead of tying itself into knots on whether it wants larger or smaller budget deficits, it should work out an international medium term financial strategy for reducing these deficits in the longer term, while indicating with more courage than Sir Geoffrey Howe has done domestically, the scope for higher deficits in recession years and lower ones in years of boom.

The OECD countries acting together can *do something* to reduce real interest rates, but by budgetary rather than monetary policy. There is as much chance of central bank governors reducing real interest rates by decree or by technical operations as there is of making water run uphill—both operations are possible for very short periods and with very strenuous efforts.

Many of the fears of "another 1931" do not have much to do with the overall stance of monetary and fiscal policy, but with the stability of the world's *financial* and banking system.

One concern is about the possibility of an international banking collapse of the kind triggered off by the failure of the Creditanstalt in 1931. The second is that an excess of prudence by banks trying to avert such an outcome may dry up the flow of international bank credit.

The later fear could be exaggerated. The big fall in international bank loans between the second half of 1981 and the first four months of 1982 reflects the completion of large scale financial operations by U.S. corporations to finance takeovers. In addition the end of the Opec surpluses automatically reduces the current account deficit of the rest of the world and thus the need for financing.

The first danger is more worrying even if it has a lower probability. Although Euro assets and liabilities have been growing twice as fast as national money supplies, they are still a limited fraction of world money on any definition. External assets comprised in 1980 nearly 22 per cent of total banking assets compared with 12 per cent 10 years before.

In all OECD countries gross external claims by the banks now amount to about $2,000bn compared with $200bn in 1970. After allowing for claims between banks, the net size of the "Euro" market may be *more like $600bn.*

The guarantee, not necessarily of individual banks, but of the mass of depositors, against a chain of bankruptcies —*however unlikely*—is part of the job of central banks. Contingency plans devised and known at least in outline before rather than after the event, would be something practical that the BIS central banks could do for "confidence."

What would be intolerable would be any thought that western central banks were soft-pedalling on sanctions against the Argentine or wanting to help General Jaruzelski beyond the limits of strict commercial self-interest because of fears for the solvency of western banks. Too often in talking to European bankers, both private and central, have I caught a whiff of "General Jaruzelski —*or General Galtieri—makes the* trains run on time and knows how to deal with strikers."

If people are being killed in the South Atlantic who could *have been saved if western* governments and central banks had been willing to embark on full scale financial and trade sanctions which might have been a partial substitute, it will be difficult either to forgive or to forget.

WORLD MONEY AND PRICES

	Money supply of* industrial countries % increase on previous year	Consumer prices % increase in 7 main OECD countries
1977	8.8	8.1
1978	10.8	7.0
1979	9.7	9.3
1980	6.5	12.2
1981	4.5	10.0
		7.8†
1982 (March)	—	5.4‡

* "Narrow" money; † on March 1981; ‡ six months increase annualised
Source: IMF

Lombard

How to keep the Bank in touch

By David Marsh

THE Bank of England's remoteness from some of the more hurly-burly parts of the City was brought home with force to *one particular gilt-edged dealer* a few months ago. He was listening to a Threadneedle Street official expound the Bank's latest manoeuverings on the bond market.

With the same sort of linguistic style that the freshly arrived Norman lords would discuss agricultural matters 900 years ago with their Anglo-Saxon serfs, the Bank man made frequent and puzzling references throughout the conversation to "tranchettes."

It was only towards the end *of the dissertation that the* dealer realised that the official was talking about the Bank's newly-issued "tap" stock portions—known on the dealing room shop floor exclusively by the down-to-earth Nordic word "drips."

Ending

There is a range of examples of how the Bank can become out of touch with the rapidly developing financial markets it is trying to serve and to supervise. Some of the less well documented episodes concern the company sector.

Shortly after the ending of exchange controls in October 1979 a senior Bank official was explaining how UK companies would have little opportunity to make profitable placements of funds on to the Eurosterling *market.* This was, *he said,* because the interest rate gap between that and the domestic market would shrink to zero.

The prediction turned out to *be completely wrong. Company* treasurers made hay by piling up higher-yielding Eurosterling deposits. This lasted until the distortions causing the interest rate gap were removed with the ending of the "corset" controls the following summer.

The latest example is also teaching the Bank some lessons. Ever since the Bank started to buy up large amounts of commercial bills as part of its new monetary arrangements last August, some companies have been able to make a discreet killing by issuing bills at rela*tively low cost and re-depositing* the proceeds on the higher-yielding money markets.

This practice is frowned on by the Bank of England and many commercial banks — even though some more eager banks have actually been encouraging their clients to make money in this way.

One senior company treasurer says that if the Bank creates the distortions which yield profitable opportunities for sharp-shooting treasurers, it can hardly complain if the loopholes are actually used. Any corporate finance manager who is "duped" into disregarding them, according to this view, is just plain "stupid."

Before it suffers any more embarrassments, the Bank would be well advised to keep closer tabs on the treasurers. Already the Bank has been building up its links with industry and is well informed about what is going on around the country. It could do more by establishing day-to-day contact with companies' dealing rooms, and also perhaps through seconding officials to companies' finance departments.

Gentle

The Old Lady's remoteness could be cut down in other useful ways. It could deploy its under-used body of 35 economists to do more outside work—for instance, along the lines of the study of the economics of the New York subway published last year by *the New York Fed.*

There are already some gentle signs of steps in the right direction. Next month the Bank will be asked to deliberate on *the problems of the inner cities* as part of the next National Economic Development Council meeting. May be this is an indication that the Bank of England view of the inner city now stretches beyond Bishopsgate.

Letters to the Editor

Reforms to produce a fair deal for the lower paid

From Mr F. Field, MP

Sir,—Ian Hargreaves (May 12) reminds us of Anthony Crosland's views about redistribution in a democracy. Crosland believed that "in a democracy, low or zero growth excludes the possibility" of redistributing from rich to poor. But Crosland wrote this passage way back in 1971. The world has changed much since then and slow growth, together with demographic changes, has resulted in an *increase in the* numbers of poor. To hold to Crosland's view on the limits to redistribution would mean at the present time further cuts in the living standards of those at the bottom of the pile.

What is noticeable about Crosland's views is that they are very representative in their exclusive concern with a vertical redistribtuion from rich to poor. I think this is a crucial part of the debate, but the operative word here is "part."

It is also as important to try and bring about a horizontal redistribution at the same time —from the childless to those with children. For this to happen it is necessary to convince the electorate on the need to think out how best we can spread our earnings from up to 40 years' work over a lifetime which for many of us lasts for 80 years or more.

Moves along this front will entail a root and branch reform of the tax benefit welfare state. At the present time, over 50 per cent of personal income is exempted from tax. Only by making more income taxable can we offer the possibility of lowering the marginal rates of tax, *increasing* key social security benefits, while at the same time exempting a large number of poor people from tax altogether.

This last point is particularly urgent for, as Ian Hargreaves writes, I have changed my position on the question of incentives to work. I don't believe that many people find themselves better off out of work and even fewer people leave working because they have fathomed out that they will be better off in doing so.

This is a point I have pushed often enough in the past, but it isn't really the essential issue any more. What is crucial is the fact that millions of workers have a net income from work which is not much above what they could claim on social security. This is wrong, and part of our response should be to agree major tax reforms so that the burden on the lowest paid is significantly reduced.

All this becomes so much *more urgent when it is realised* that one of the poorest groups in the community is the unemployed, and particularly the long-term unemployed. Help here in the way of increased benefits is long overdue, yet this will exacerbate still further the feeling that many working people have that the system is unfair and often stacked against *them.*

For the reasons outlined by Ian Hargreaves I reject cuts in social security benefits as a solution to this issue. At the *same time as helping* the long-term unemployed we must set in hand reforms which will restructure over time our tax and benefit system so as to give effect to what people feel is a fair deal for lower paid workers.

Frank Field.
House of Commons, SW1.

Private health care

From the Chairman, AMI (Europe)

Sir,—I should like to have the *opportunity* to reply to Raymond Snoddy's article (May 12) on the increasing cost of private health care.

In the article nine London hospitals are mentioned as being too expensive for BUPA subscribers. Two of the hospitals so mentioned are owned by AMI and I can state quite firmly that *except for a few* special beds reserved at The Princess Grace Hospital, the charges at both these hospitals, and indeed at all our hospitals in the UK, come within the benefits currently provided by BUPA. No mention is made of the fact that our two London hospitals carry out more major open heart surgery than any comparable centre in the UK *with the lowest* mortality.

The problem BUPA is facing has arisen because it has avoided calculating realistically the cost of good quality health care. BUPA rates have always been based on charges made for private patients using the NHS pay beds. Recently the NHS has discovered that its charges bore no relation to the true costs of what the service was offering, especially as the private sector within the National Health hospitals has been subsidising the use of NHS paid staff, and very recently more realistic rates *have* been charged, forcing BUPA to raise its premiums accordingly, whereas Private Patients Plan (PPP) has always given proper coverage and charged appropriate rates. It is the end of this free ride at Government expense which accounts for a large part of the BUPA premium increase.

(Dr) Stanley Balfour-Lynn.
AMI (Europe), 4-7 Cornwall Terrace, Regents Park, NW1

From the Patient Services Officer, Churchill Clinic

Sir, — BUPA's suggestion (May 12) that those companies wishing to contain rising subscription costs can do so by for*bidding* the use of certain London clinics, is of interest from both an ideological and a practical viewpoint. To see BUPA's policy as operating in restraint of trade would be erroneous for the following reasons.

It is arguable that employees have similar expectations of private health care as they do of pension schemes, neither of which should be subject to the exigencies of the so-called free markets.

From a more practical point of view, it appears from market research that the London health care market is in the process of segmenting and that private hospitals at the top end of the scale, as well as offering an exceptional degree of comfort, in terms of hotel services also offer high technology medicine and surgery of a type that is more attractive to the foreign than the domestic market.

BUPA's action may then be seen as consolidating this process of segmentation, recognising the fact that there are clinics which operate a highly visible price policy that does not supplement revenue via *additional charges* for what are often no more than standard services, and furthermore, that such clinics offer a standard pattern of hotel services rather than one differentiated by price.

The consequences of BUPA's action will be of considerable interest to everyone concerned with the development of private health care in the UK.

Robert Sawyer,
Churchill Clinic,
80 Lambeth Road, SE1.

Merchant Shipping Bill

From the Director-General, General Council of British Shipping

Sir,—Mr Farr of the British Federation of Commodity Associations complains (May 14) that the Merchant Shipping (Liner Conference) Bill, now in its Comittee stage in the Commons, leaves far too much to be defined in regulations made by the Secretary of State rather than in the Bill itself.

Mr Farr has mentioned about the only significant issue on which final decisions have yet to be taken — the detailed definition of a UK national shipping line. This is not *bad,* in relation to a convention of 52 articles, each with many sub-provisions, and modified by an EEC regulation. GCBS is well content with the undertaking given by Mr Sproat, the Parliamentary Under Secretary of State for Trade, during the Bill's second reading on April 28 that all interested parties will be fully consulted on the content of the regulations before they are laid before Par*liament.* Indeed *this is a re*quirement of the Bill itself.

We fully share the concern of the BFCA that non-conference ships should be protected from discrimination by developing countries. We can however, see no point in reiterating in this Bill the extensive defensive powers already given to the Secretary of State for Trade by earlier merchant shipping acts. Far more important in our view is the early passage of the Bill itself and accession by the UK to *the UN liner code convention,* subject to the "Brussels package" reservation which restricts its application to the developing nations. We believe that by satisfying their aspirations it will remove the pressure for far more damaging discriminatory measures by the Third World. We also fear that our members could be left at a considerable *disadvantage* in commercial negotiations to apply the code to conference agreements if it were to come into force before the UK was able to accede to it.

Against these concerns, the Government's undertaking to consult all interested parties is obviously of even greater significance than the mechanics of processing the necessary provisions through Parliament.

W. P. Shovelton.
G.C.B.S.,
30-32, St Mary Axe, EC3

Royal Dutch/Shell shows better underlying trend

COMPARISON of **Royal Dutch/Shell Group of Companies** results for the first quarter of 1982, which saw net income fall from £549m to £414m, is better facilitated in the effects of the FIFO method of inventory valuation used by most Shell companies is excluded. On this basis the figure turned in at £459m, some 56 per cent higher than the £295m for the corresponding period, and £40m above the £419m for the final quarter of last year.

The performance of the oil and natural gas segment outside North America was the main reason for the healthy improvement over the first three months of 1981. In addition there were reduced losses from chemicals and the coal business continued to operate profitably. The metals sector, however, again reported losses.

While Shell Oil Company of the U.S. announced slightly lower dollar earnings, upon translation to sterling the group share of net income showed a 21 per cent advance. In contrast, Shell Canada's contribution to net income declined sharply, representing a number of adverse factors including the impact of petroleum and gas revenue tax.

As for funds generated within the group, these were more than sufficient to meet the call on capital. Capital expenditure at £903m was 26 per cent above last year, while the total of inventories and receivables net of payables declined from the year-end level. An increase in

	First quarter 1982 £m	*1981 £m
Revenues	11,554	9,628
Sales and operating revenues	12,987	10,947
Sales taxes	1,786	1,579
Share of assoc.	229	171
Int. and other inc.	124	89
Costs and expenses	11,140	9,079
Purchases and op. expenses	8,478	6,759
Selling, general and admin.	772	651
Exploration	167	139
Research and dev.	69	65
Depreciation, etc.	377	305
Exchange losses	22	†48
Interest	165	124
Tax	1,030	1,025
Minorities	60	59
Net income for quarter	414	549

* Restated. † Gain.

long-term debt and a reduction in short-term debt virtually offset each other. Cash and short-term securities rose by £420m to £3.3bn and the long-term debt ratio was 26 per cent at the end of the quarter, the same as at the end of 1981.

On trading conditions, the directors report that the first three months were adversely affected by a continued decline in demand and the reduction of high industry stocks coupled with surplus crude oil supply.

This resulted in downward pressure on crude oil and oil products prices. Since the end of the period under review, both spot crude and spot product prices have increased.

Excluding Shell Oil and Shell Canada, first quarter earnings from oil and gas exploration and production activities rose 15 per cent to £330m. This increase was mainly due to the strength of the dollar against sterling, which was more than sufficient to offset the impact of lower crude oil prices. Manufacturing, marine and marketing reported a loss of £8m compared with earnings of £165m last time. However, on the basis of the estimated current cost of supplies, first quarter earnings of £25m compared with a deficit of £49m.

As for chemicals, also excluding Shell Oil and Shell Canada, they showed on a current cost of supplies basis a loss of £15m (£24m). Sales volumes were up by some 3 per cent and proceeds by 22 per cent, and the directors say that losses on these serve to emphasise the high levels of unit operating costs associated with low utilisation of certain plants in the current recessionary conditions.

Shell Oil's chemicals dollar earnings increased $10m from $6m as a result of lower raw material costs, while demand continued to fall and prices remained weak. Shell Canada in this sector saw earnings fall as volume and prices came under pressure.

Coal business profits expanded from £2m to £19m, with sales tonnages and unit margins up on last year. But the volume of demand for internationally traded coal is expected to decline over the remainder of the year.

As a result of generally weaker markets and higher interest charges associated with plant construction, metals sector losses for the first quarter increased by £10m to £12m.

Graeme Johnson in Sydney reports that Australia's biggest oil company, **Shell Australia**, suffered a severe setback in the year to December 31, 1981 when profits slumped 40 per cent from A$47.1m to A$24.8m.

Directors were extremely pessimistic about the earnings pattern and pointed out that worse results were expected with

	First quarter 1982 £m	*1981 £m
Oil and natural gas	547	647
Exploration and production:		
Excluding Shell Oil and Shell Canada	330	287
Shell Oil and Shell Canada	206	176
Manufacturing, marine and marketing:		
Excluding Shell Oil and Shell Canada	‡8	165
Shell Oil and Shell Canada	19	19
Chemicals	1	‡4
Excluding Shell Oil and Shell Canada	‡8	‡13
Shell Oil and Shell Canada	9	9
Other ind. segments	2	6
Earnings from ops.†	550	637
Corporate items	76	29
Minority profits	60	59
Net income	414	549

† If allowance were made for the after-tax effects of adjusting cost of inventories sold from FIFO to estimated current cost of supplies, these earnings would be increased (reduced) by the following amounts: Oil and natural gas £52m (£243m loss); Chemicals £7m (£11m loss). * Restated. ‡ Loss.

little chance of any significant earnings recovery until the end of the decade.

The company faces a A$2bn aggregate negative cash flow, in the years ahead and despite a further big injection of equity capital, from its parent heavy borrowings will be necessary. Shell Australia expects to borrow up to A$400m over the rest of this year and next year to back up an equity injection of A$200-A$300m.

Together the impact of the borrowings and higher depreciation charges, following further asset revaluations, higher wages and production costs, is expected to reduce earnings.

In the year, the Shell Australia subsidiary which supplies and markets Shell Petroleum products, and foots the bill for coal and metal exploration, produced an operating profit of A$15m (A$19m).

The Shell refining subsidiary contributed A$5.5m to the group result, a slight lift from the previous year's A$4.6m, and Shell Development, which accounts for oil and gas interests, provided A$16m (A$10m).

Total revenue for Shell Australia stood at A$2.93bn and total expenses, including royalties and taxes, accounted for A$2.88bn.

With tax of A$39.7m deducted from the pre-tax profits of A$65m, the remaining earnings of A$25.2m appears an inadequate return on funds invested.

See Lex

London & Northern profits show little change at £8.63m

LITTLE CHANGED pre-tax profits have been shown by **London and Northern Group** for 1981. The surplus for the year was £8.63m, against £8.76m on turnover ahead at £216.59m, compared with £212.74m.

The final dividend of this group, with interests in construction, metal reclamation and steel stockholding, was unchanged at 2.35p, which repeats the total at 3.75p net.

Earnings per 25p share were given as lower at 11.5p, against 16p previously.

Second-half profits moved ahead from £4.55m to £5.37m. At the interim stage, the directors said that following rationalisation and some improvement in trading conditions, profitability in the second half should show a material increase over the first half.

There was a tax charge of £1.35m (£1.88m credit), and this included a prior year's credit of £1.84m (£4.21m).

Minorities took £670,000 (£1.5m). Attributable profits emerged lower at £6.61m, against £9.15m previously.

Preference dividends absorbed £73,000 (same) and ordinary payments were held at £2.13m.

Extraordinary debits amounted to £1.32m (£242,000), which included goodwill payments of £514,000 (£31,000) and other costs, mainly closure and disposal, of £807,000 (£211,000).

Retained profits were down at £3.09m, compared with £6.71m. On a current cost accounting basis, pre-tax profits were £5.6m (£5.1m) and earnings per share were 6.9p (10.2p).

● **comment**

The second half upturn at **London & Northern** reflects an improvement in all activities including metal reclamation where prices hardened in the last three or four months. The pre-tax figure benefited from a cut in interest costs of some £1.5m, to around £3m, arising in part from the reduction in net borrowing to £17.1m — about 33 per cent of equity funds. The extraordinary costs included completion of cutbacks in plant hire which saw the fleet reduced by a third. Earthmoving is busy in the UK with motorways and major building sites. There is a good workload for construction overseas with the major roadworks in Dubai and Oman not due to be completed until the end of 1983. In the UK construction margins remain low but the division hopes to make some useful gains from the pick up in housing. With scrap metal prices beginning to weaken again in the volatile steel market the outlook for metal reclamation is uncertain. Overall with borrowings likely to be contained around the present level and no more surgery foreseen the group should be able to sustain the improving trend. Yesterday the shares remain unchanged at 49½p yielding 11.4 per cent.

Redman Heenan losses sustained

ORDERS available for completion during the first six months of the year proved insufficient to enable **Redman Heenan International** to trade profitably, thus confirming the forecast made in the last annual report.

This manufacturer of engineering products incurred taxable losses of £1.49m in the half-year to March 31 1982, but these were marginally down on the £1.5m in the corresponding period last year. The interim dividend is cut from 2.2p to 1.4p — last year's total was 4.2p from pre-tax losses of £2.03m.

The directors point out, however, that the trend in order intake has been encouraging, particularly in export markets, with domestic demand also showing promising signs of recovery, although larger contracts, with their longer lead times, have tended to predominate.

Orders received during the period were some 70 per cent higher than the depressed level for the same six months of the previous year, and included export orders which were almost trebled at £6m.

The directors are "confident" that the second half trading results will be profitable and, despite the continued shortage of rapid turnround business, it should be possible to recover substantially — if not entirely — the pre-tax loss incurred in the first half.

Group turnover in the first half was little changed at £14.41m (£14.45m). There was a trading loss of £1.04m (£827,000). Interest was up from £68,000 to £446,000 and last time there were reorganisation and redundancy costs of £604,000. Tax took £114,000 (£175,000), leaving a net loss of £1.6m (£1.67m).

After minorities of £5,000 (nil) and an extraordinary credit of £107,000 (£10,000), the attributable loss emerged at £1.5m (£1.66m).

Dividends absorb £266,000 (£415,000), resulting in a deficit of £1.77m (£2.08m) being transferred to reserves.

● **comment**

Redman Heenan is not ashamed to admit that the interim results, with a trading loss 26 per cent larger at about £1m, are worse than it had expected at the time of the AGM. The forecast at that time of full-year profitability is now giving way to one of break-even. By that time gearing, 25 per cent at the last year-end, will have risen to about 40 per cent. That's the bad news. Currently the company, boosted by a number of substantial overseas orders, claims to be "working like the clappers," and the possibility of increasing the workforce is not remote. Prospects for the domestic market are still gloomy: in 1980 exports accounted for 17 per cent of turnover, but this year the figure will be about 40 per cent. The cut in the interim dividend is chiefly a reflection of Redman's desire to reduce the disparity in payouts. A maintained total is a strong possibility, at a cost of about £800,000. With the share price down 1p at 52p, the 12 per cent yield is a weighty prop.

HIGHLIGHTS

Lex looks at the first-quarter figures from **Royal Dutch/Shell** *which, after adjustment for stock items, are evidence* of the company's great resilience. Net income after adjustment was £164m higher at £459m. The column goes on to discuss the appointment of two U.S. directors to the board of ***F. W. Woolworth.*** *It also examines the Institute of Fiscal* Studies consideration of the problem of indexation for capital gains tax as proposed under the 1982 Finance Bill. Finally it briefly debates the possible impact of the stalled EEC farm food price negotiations on **British Sugar.**

Allied London Properties ahead midway

First half pre-tax profits of **Allied London Properties** advanced from £656,219 to £752,027 and the directors are of the opinion that the full year figures will be in excess of those of the previous year.

The net interim dividend for the six months to December 31 1981 is being increased from 0.25p to 0.275p per 10p share—a total of 1.35p was paid for 1980/81.

Harrisons Malaysian at £17.5m

THE IMPROVEMENT on the depressed first quarter results was maintained by **Harrisons Malaysian Estates** in the third quarter and for the nine months to December 31 1981 profits at the pre-tax level came through at £17.56m, compared with £19.24m for the corresponding period. First three months' taxable profits were well behind at £4.63m, against £6.67m.

Turnover of the group, which is 80 per cent-owned by Harrisons & Crosfield, held steady for the nine months at £44.5m (£44.9m) with the trading surplus emerging at £13.23m (£15.13m).

The profit for the three-quarter period included investment income of £4.2m (£3.79m) and a share of associates profits of £134,000 (£315,000).

Tax took £5.67m (£6.32m) and after minorities of £53,000 (£90,000) earnings for shareholders totalled £11.84m (£18.25m including an extraordinary credit of £5.43m).

Stated earnings per 10p share were lower at 7.09p (7.68p).

A breakdown of harvested crops in tonnes for the nine months shows: rubber 28,421 (30,725), palm oil and kernels 109,673 (110,765), cocoa 2,673 (4,049) and copra 3,661 (3,684). For the 12 months to March 31 1982 the figures were: rubber 37,529 (39,361, palm oil and kernels 144,447 (144,788), cocoa 4,183 (5,716) and copra 4,557 (4,679).

Taxable profits for the previous full year amounted to £23.23m.

Water companies seek to raise £3.5m

Wrexham & East Denbighshire Water Company is seeking to raise £2m through a sale by tender of 9 per cent redeemable preference stock, and the **Bournemouth and District Water Company** is offering £1.5m of stock on the same terms.

At the minimum tender price of £100, the conventional gross yield on the stock is 12.85 per cent, and the fully grossed-up franked income yield is 18.75 per cent.

Each stock is redeemable at par on June 30 1989, or, at the option of the companies, redeemable in whole or at any time on or after July 1 1987 and before June 30 1989, subject to three months' notice being given by the relevant company in writing.

Applications must be received by 11 am on May 26, accompanied by a deposit of £10 per £100 nominal of stock sought, the balance being payable on June 28 (Wrexham) or July 27 (Bournemouth).

The first dividends will be payable on January 4 1983, amounting to £4.024 net for the Bournemouth stock and £4.631 for the Wrexham issue.

Brokers to the issues are Seymour, Pierce & Co.

● **comment**

Gilt-edged prices remain highly sensitive to the political situation, to a degree which makes it hard to judge whether these issues will be in the appropriate price range a week hence. However, the conventional gross yield on these stocks, 0.72 of a point below that on a representative government stock maturing in 1987, should be sufficient to ensure a modest premium—between £¼ and £1—if conditions do not change radically. The experiment of double-dating, giving borrowers an option to retire the issues early if cheaper refinancing becomes available, might broaden the overall market for these preference stocks if the device catches on. Meanwhile, since the minimum tender is £100, lenders will not have to worry about the effect of spacing gains to redemption over an extra two years, and can assess these issues as if they were of the standard five-year variety.

Robt. Moss recovers to £0.63m; payout lifted

AFTER dipping from £457,000 to £271,000 last year, taxable profits at Robert Moss recovered to £632,000 for the year to March 31 1982. The half-way figure was £302,000.

Turnover moved up to £3.71m, against £3.11m. The directors say the group is budgeting for another substantial improvement in turnover and profits this year.

A final dividend up to 1.2p net per share from 1.07p raises the total at this plastic injection mouldings maker to 1.8p (1.6p). Stated earnings per 10p share were 4.75p (2p).

Tax rose to £153,000 from £72,000 and there was an extraordinary debit of £16,000 (nil).

● **comment**

Softly, softly goes Murray McLean. He has sat back and let Robert Moss achieve the forecast made by its former executives. Now he is really taking up the reins. The purchase of Banbury, which was built up by an ex-Moss man, is the first step to add technology and beef-up management. The link with former South African colleagues is another. Rebuilding bridges with his home country may send a shudder down some backs but it is a way for Moss to ship its excess manufacturing capacity overseas—it is physical machinery not money and know-how that has crossed the sea. South Africa is an ideal market according to McLean. Certainly it could be the experiment which could pave the way for other moves overseas. Banbury will be in for a full 12 months this time round and that could be worth £150,000 pre-tax. Add in a £150,000 increase or so from the existing business and the fully taxed prospective p/e drops to under 14 at 54p. The price still contains a fair amount of froth but Mr McLean has a track record in South Africa with Abercom. This is just the beginning at Moss—for better or worse, only time will tell.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Advance Services	2.3	—	2.3	3.3	3
Allied Ldn. Props. ...int.	0.28	—	0.25	—	1.35
Ambrose Inv. Tst.	4.5	July 22	4.3	7.3	7.1
Chamberlain & Hill	1.8	July 24	1.65	2.9	2.75
Common Bros. ...int.	1	June 29	5	—	5
Dualvest	3.56	May 31	3.29	7.35	6.97
Dubilier ...int.	0.78	July 19	0.65	—	1.55
El Oro ...int.	3.5§	Oct 29	3	—	3
Exploration ...int.	1.75§	Oct 29	1.5	—	1.5
Feedback	1‡	Aug 24	—	2	—
Irish Distillers ...int.	1.1	—	0.88	—	3.06
London & Lennox Inv.	1.4	July 22	1.4	2	1.9
London & Northern	2.35	July 12	2.35	3.75	3.75
London Trust	2.5	July 8	2.25	3.75	3.5
Moran Tea ...int.	1	July 2	2	—	5
Robert Moss	1.2	July 8	1.07	1.8	1.6
Pentland Inv. Tst. ...int.	1.5	Aug 2	1.5	—	6.35
Redfearn ...int.	3	Aug 12	3	—	8.28
Redman Heenan Int. int.	1.4	Oct 1	2.2	—	4.2
Whitbread Inv.	3.2	July 23	2.85	4.8	4.3

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM Stock. §Gross throughout.

SPAIN

May 19	Price %	+ or −
Banco Bilbao	341	
Banco Central	333	
Banco Exterior	302	
Banco Hispano	314	+4
Banco Ind. Cat.	114	
Banco Santander	342	+18
Banco Urquijo	200	−2
Banco Vizcaya	355	
Banco Zaragoza	246	
Dragados	133	−7
Espanola Zinc	69	
Fecsa	64.5	−0.2
Gal. Preciados	35	−2
Hidrola	64.2	−0.5
Iberduero	52.5	−0.2
Petroleos	85.7	−2.3
Petroliber	99	
Sogefisa	6	
Telefonica	70	
Union Elect.	64	−1

1981-82 High	1981-82 Low	Company	Price	Change	Gross div. (p)	Yield %	P/E Actual	P/E Fully taxed
130	100	Ass. Brit. Ind. CULS	128	—	10.0	7.8	—	—
75	62	Airsprung	73	+1	4.7	6.4	11.6	16.0
51	33	Armitage & Rhodes	43	—	4.3	10.0	3.6	8.1
206	187	Bardon Hill	208	+1	9.7	4.7	10.0	12.2
107	100	CCL 11pc Conv. Pref.	107	—	15.7	14.7	—	—
265	240	Cindico Group	265	—	26.4	10.0	10.7	12.0
104	61	Deborah Services	62	—	6.0	9.7	3.1	5.8
131	97	Frank Horsell	127	−1	6.4	5.0	11.4	23.5
83	39	Frederick Parker	75	—	6.4	8.5	3.8	7.3
78	46	George Blair	54	—	—	—	—	—
102	93	Ind. Precision Castings	99	—	7.3	7.4	7.1	10.8
109	100	Isis Conv. Pref.	109	—	15.7	14.4	—	—
113	94	Jackson Group	101	—	7.0	6.9	3.2	7.2
130	108	James Burrough	113	—	8.7	7.7	8.2	10.4
334	238	Robert Jenkins	240	—	31.3	13.0	3.3	8.5
67	51	Scruttons "A"	67	—	5.3	7.9	10.3	9.5
222	159	Torday & Carlisle	159	—	10.7	6.7	5.1	9.5
15	10	Twinlock Ord.	14½	—	—	—	—	—
80	66	Twinlock 15pc ULS	80	—	15.0	18.8	—	—
44	25	Unilock Holdings	25	—	3.0	12.0	4.5	7.6
103	73	Walter Alexander	83	+1	8.4	7.7	5.5	9.7
263	242	W. S. Yeates	232	—	14.5	6.3	6.1	12.1

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WHAT WE DID IN 1981 WILL STILL BE HEADLINE NEWS IN 2001.

As world fuel requirements continue to grow and resources become less and less readily available, the search for efficient, economical ways of obtaining energy from more difficult and hazardous areas, such as deep sea oil fields, will assume new and crucial importance. The groundwork for that kind of technology–our energy hope for the next century–has to be carried out today.

This challenge was referred to by Sir Peter Baxendell, Chairman of The "Shell" Transport and Trading Company, p.l.c., at the Annual General Meeting on Wednesday, 19 May. The following are extracts from his speech.

'The most nebulous of the problems confronting us is the danger of believing that today's energy surplus and fragile market will carry forward into the indefinite future and that the energy problem is gone forever.

'Oil remains a finite resource and its supply can be disrupted by political upheaval. New supplies must come, to replace supplies being drawn from easier and cheaper reserves; these will come mainly from reserves in smaller accumulations, and in tougher environments, produced by advanced technology, demanding high investment and outstanding expertise.

Growing expenditure

'That is why our capital expenditure grows at such a pace. It went from £2,900 million in 1980 to £3,900 million in 1981–and in 1982 it is expected to rise to £4,800 million, of which the major proportion will again go into oil and gas exploration and development.

'Providing energy supplies and developing natural resources for the future offers many challenging opportunities. We are convinced that we can and should make a contribution to replacing and expanding oil and gas reserves worldwide.

'Increasingly the risks involved are growing. Energy and natural resource projects frequently demand enormous investment commitment for long periods, as well as the development and use of advanced technology and the efforts of skilled and experienced personnel. They are also subject to many legal and political uncertainties.

'In some cases such projects can be tackled only as joint ventures with governments, other large organisations or other members of the industry. We have experience of such projects and their management, and are confident of our ability to participate profitably in such projects provided that the fiscal and political environment allows sufficient opportunity.

Surplus capacity

'Much of the industry's refining and petrochemicals capacity cannot be economically usable in the future. However, because we anticipated the evolution of the market for oil products, we began upgrading our oil refineries in good time and believe we should be less affected than some of our competitors in the adjustment process.

'Not all the existing surplus of capacity will remain unused indefinitely. The chemicals business is particularly sensitive to the general level of economic activity, and has been contending with the problems of the recession in Europe and the United States. We look forward to improved performance when the world economy settles on the road to recovery.

'Our metals business, too, has been affected by the recession, and we anticipate better results when economic growth resumes.

'Growing interest in coal development and use is good news for our young but rapidly expanding coal business, which in 1981 reported its first profit from international trading.

'Much of the time we are in a business environment which makes prediction of even the short term future hazardous. Our confidence, however, derives from our awareness of the quality of the resources at the disposal of Shell companies. We have the staff, the technological capacity, the financial resources and a structure of management responsibility particularly well equipped to deal with a stressful, changing world.'

For copies of the full text of the Chairman's speech and of the Company's Annual Report for 1981 please complete the coupon.

To: Ian Arthur, Manager, Shareholder Relations,
The "Shell" Transport and Trading Company, p.l.c.,
Shell Centre, London SE1 7NA.

Please send me __ copies of the Chairman's speech and the Annual Report for 1981.

Name________________

Address________________

FT

Redundancy costs keep Redfearn in loss midway

SHARPLY HIGHER redundancy payments of £1.02m, compared with £409,000, prevented Redfearn National Glass from moving back into profit in the 26 weeks to March 28 1982.

However, for the period this glass and plastic container manufacturer did reduce its losses at the pre-tax level from last time's £1.61m to £624,000 on higher sales of £31.75m, against £29.73m.

The directors say the results reflect a considerable improvement in a very competitive situation compared with the previous year.

They add that although the results are encouraging and that their expectation of a profitable year as a whole is unchanged trading is highly competitive and volume trends uncertain. Therefore their policy is to continue to aim for higher productivity and a more acceptable return on assets employed.

The chairman warned in his annual statement that the first half of the year would be unprofitable mainly because of redundancy payments—the group had traded at a small profit in the second half of 1980-81.

The first six months' deficit this time was struck after net interest charges of £608,000 (£645,000), depreciation of £1.94m (£1.62m) and was subject to same-again tax of £78,000.

Stated loss per share emerged at 11.63p (27.89p) and the net interim dividend is being maintained at 3p—a final of 5.28p was paid previously from taxable losses of £1.49m.

As is usual, trading results for the first half were affected by Christmas and New Year holidays and by furnace repairs carried out in the period.

A programme of redundancy was implemented in November and the workforce was reduced by some 280. This programme was accompanied by a factory reorganisation resulting in improvements in productivity at each factory.

Good progress has been made at the RN Plastics subsidiary and an extra production machine was installed in March.

As a result of action taken to reduce stock levels and to cut costs the group's cash situation has remained stable.

CCA pre-tax losses were £1.44m.

● comment

As Redfearn had forecast, it was only substantial redundancy payments which prevented a return to interim pre-tax profitability. This last batch of about 300 redundancies effectively marks the end of a three-year programme which has seen the workforce cut by almost 40 per cent. But the benefits of improved productivity have in great part gone to the customer. December's 8 per cent price increase came under intolerable pressure from competitors, and PET prices seem to have fallen, in part a response to a similar trend in can prices. The PET operation managed to break even, but if Rockware enters the field, margins will come under still more pressure. The budget cut in fuel oil prices represent half of Redfearn's energy costs, which was some relief, but overall, energy costs continue to outstrip price rises. Despite the hardness of the domestic market imports, especially from Austria, appear to be no less of a headache. Although Redfearn should be in the black at the pre-tax level by the year end, a return to the profits of even two years ago is not yet on the horizon. Assuming a maintained final dividend, the shares, down 3p at 147p, yield 8.2 per cent.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Brockhouse, Concentric, Construction Holdings, Herman Smith, Ley's Foundries and Engineering, Pleasurama, Stockholders Investment Trust.

Finals: Fine Art Developments, Hambros Investment Trust, Scott and Robertson, TR Industrial and General Trust, TR Natural Resources Investment Trust, Thorpac, Vosper.

FUTURE DATES

Interims—	
Greenfields Leisure	June 3
Spencer Clark Metals	May 27
Finals—	
Brunning	June 1
Capital and Counties	May 26
Cater Allen	May 25
Doornfontein Gold Mining	June 8
Driefontein Consolidated	June 8
East Midland Allied Press	June 17
Erskine House Investments	May 28
Hicking Pentecost	June 23
International Paint	May 27
Kloof Gold Mining	June 8
London Sumatra Plantations	May 27
M. and G. Second Dual Trust	May 27
Tretus	June 1

Advance Services downturn

ADVERSE trading conditions contributed to the downturn in pre-tax profit at Advance Services from £4.89m to £4.12m, for 1981. Profit at halfway was little changed at £2.2m. Turnover rose from £35.44m to £37.99m for the year.

This linen supply and laundry group, formerly Advance Laundries, is maintaining its final dividend at 2.3p net per share, boostin gthe total by 0.3p to 3.3p. Earnings per 10p share are given as 4.94p, down from 9.95p, and fully taxed 4.77p, down from 5.45p.

The directors say the tax charge of £2.11m, against £667,000, is a consequence of the lower capital expenditure required because trading grew little and there was a planned reduction in stock of service equipment.

However, cash has been handled effectively, they say, and the increased dividend will not affect the group's ability to take advantage of any upturn in the market.

"Thorough and unremitting" research continues into developing new services and finding new markets and business activities to keep the group growing.

Although they see signs that the recession is no longer worsening, this does not mean an imminent recovery. Service actvities are typically slow to feel the full weight of recession and slow to gain the benefits of an upturn in business.

On a current cost basis, taxable profit was £2.6m (£3m).

Common Bros. loss jumps £2.2m

REDUNDANCY payments and provisions for known future liabilities have contributed to a sharp increase in pre-tax losses from £290,000 to £2.56m at Common Brothers, ship owner and broker, for the eight months to February 28 1982.

The company will continue to incur losses for the rest of the year, say the directors, but they are confident that these will be at a reduced level. They have recommended a reduced interim dividend of 1p against 5p, which was also the total for last year.

Product tanker freights improved marginally over the winter months but generally have remained at the depressed levels of last summer. The destocking of oil supplies should be completed by the fourth quarter of this year, say the directors.

Some improvement in rates may therefore be looked for in the foreseeable future and they expect this will show first in the product tanker sector.

The directors say the SS Veracruz will not reach profitability this year although in the first four months it has run to near capacity and produced profits.

Proceeds of £7m from the sale of MV Simonburn and MV Strait of Canso will be used for working capital. The major portion of the profit from these sales has been held over because of a time charter arrangement.

A credit of £415,000 before tax will be brought in for the full year—a proportion of which is shown in the results for the eight months.

The disposal of the group holding in Trans-Offshore and Ewe Shipping made a pre-tax profit of £425,000.

BANK LEUMI UK

Bank Leumi UK has received acceptances for 1,436,612 shares in respect of its rights issue of 1.5m new ordinary shares. In addition, applications in excess of the number available have been received for 120,079 excess shares. These have been allotted as to: up to 499 shares—in full; 500 to 999 shares—500; 1,000 to 2,499 shares—1,250; 2,500 to 19,999 shares—10,000; 20,000 shares and above—around 50 per cent.

Dubilier expands to £0.9m after first six months

THE IMPROVEMENT which was achieved in the second half of last year has been sustained at Dubilier, maker of electronic components. Pre-tax profits of 909,000 for the half year to March 28, 1982 compare with £440,000 for the corresponding period. An increased interim dividend of 0.7809p net has been declared, against 0.6508p previously — last time's final was 0.8954p.

Turnover, at £9.1m, was up by 11 per cent over the corresponding period last year. Exports advanced a further 13 per cent.

Commenting on the outlook for the year as a whole, the directors point out that the recovery of the industry from the effects of the recession remains far from complete, but they expect the present trend in trading to continue.

Group orders have increased by 20 per cent and investment has continued in new products and equipment. Current product rationalisation plans are complete and no additional charges have been incurred on the Liverpool divestment which was concluded during the half year.

In the U.S., however, the directors say the market remains soft, although Flight Connector is "navigating the path" of the recession more successfully than most of its competitors. Nevertheless the present situation is disappointing.

Dubilier Scientific continues to make steady progress with its ion source development programme and, as announced in February, reached agreement with Ion Beam Technologies, U.S., for joint development and marketing.

Pre-tax profits were struck after interest payable of £249,000 (£239,000). Tax took £300,000 (£66,000).

After an extraordinary debit last time of £172,000 net profits emerged higher at £609,000 (£202,000).

● comment

Dubilier's expensive withdrawal from its traditional capacitor and resistor business has been proved well justified by the sharp upturn in the latest mid-year profit performance. While the fuse division is currently the main profit contributor it will soon be outstripped by the fast growing connector side. For the present, at least, the group has succeeded in shaking off the cheap import threat by shifting its product mix towards the high technology end of the market where customers, especially U.S. and British military users, put emphasis on guaranteed reliability. With borrowings slightly lower and no more surgery anticipated the second half looks set to at least match the first pointing to a prospective p/e around 23 on yesterday's unchanged share price of 80p. The group is now keenly seeking to expand its connector interests, probably by acquisition, into circuit board connectors—such as used in computers—which dominate some 35 per cent of the connector market.

Irish Distillers expands 64%

GOOD EXPORT expansion, coupled with generally improved margins, enabled the Irish Distillers Group to return taxable profits of I£4.4m (£3.67m) for the six months to March 31 1982, a 64 per cent increase on the I£2.7m (£2.25m) made in the corresponding period a year earlier.

The directors say that the full year outturn should also show a marked improvement over the previous year but the rate of growth will be significantly less than that for the first half as volume is expected to continue to decline in the Republic of Ireland.

Meanwhile, they are stepping up the net interim dividend from 0.88p to 1.1p per 25p share and say that the final (2.18p) will also be increased if their forecast for the year is realised. Half year earnings per share are given as 8.71p (5.75p).

Six months' turnover rose from £61.95m to £76.25m and profits at the trading level came through well ahead at £7.95m (£5.87m).

The pre-tax surplus was after taking account of interest charges of £2.47m (£2.24m) and depreciation of £1.04m (£910,000). It included associate profits which advanced sharply from £2.71m to £4.45m.

Tax took £430,000 (£51,000) and after minorities of £17,000 (£21,000) the attributable balance emerged at £4m, against £2.64m. It is pointed out that comparative figures have been adjusted to reflect the relevant retrospective cereal rebates.

London Brick shows signs of overcoming slow start

DISCUSSING current trading and prospects at the annual meeting of London Brick, Mr Jeremy Rowe, the chairman, said the company's subsidiaries got off to a slow start in the current year due to both weather and economic conditions. In the case of Landfill, domestic waste operations were also hampered by the strike of Aslef train drivers.

He said the temporary cessation of train delivery services was overcome by an immediate transfer to road. The day-to-day service to the Greater London Council was in no way affected. All subsidiaries were now recovering lost ground and, in particular, the steps taken at Banbury Alton were beginning to show through in a return to profitability.

There was now an underlying improvement in demand for bricks. In this division the year also started badly, with weather conditions compounding the industry's problems. Since the Budget and a reduction in mortgage rates, confidence returned and that was translated into a heightening tempo on building sites. Since then, the order book had strengthened and the pace of demand quickened.

Current trading, he said, was satisfactory, but poor results in the opening quarter might still prevent any real progress showing through at the half-way stage. Prospects for the year as a whole appeared to be encouraging.

Mr Rowe told shareholders that it was the intention of the group to become a holding company controlling six major operating subsidiaries, namely: London Brick Products, London Brick Engineering, London Brick Property, London Brick Landfill, Croydex and Banbury Alton.

Each subsidiary would have its own managing director, charged with the responsibility of operating the company profitably and ensuring growth in their particular activity.

He said the great mass of the group's employees would not be affected by the restructuring.

Barton reduces taxable deficit to £179,564

REDUCED pre-tax losses have been shown by Barton Transport for the 24 weeks to March 13, 1982. The deficit was lower at £179,564 against £270,962 on higher turnover of £3.22m against £2.92m.

The directors of this "close" company state that seasonal fluctuations mean the first half results should not be taken as an indicator of the year as a whole.

In the last full year pre-tax losses stood at £95,162 on turnover of £7.14m.

In the period under review, the directors say that the improvement in trading conditions mentioned in the chairman's annual statement is continuing, but is still at a low ebb.

It is expected that the transactions in connection with the current year's bus renewal programme will be carried out and completed during the remainder of the current financial year. Any surplus arising will be included in the full year results.

Pre-tax profits were struck after a profit on the sale of buses last time of £29,068. Investment income was higher at £3,038 (£2,977) and associated profits were lower at £7,010 (£10,438).

Group tax took £911 (£893) and associate tax took £4,700 last time. Net losses were down at £180,475, against £276,555 previously.

Metalrax up in first quarter

First-quarter figures this year at Metalrax Group, the Birmingham engineering company, were up on last year's, Mr John Wardle, the chairman, told the annual meeting.

He said the first half would show "a reasonable improvement" over the first six months last year, even though there was no sign of an end to the recession. "In fact, during April we experienced a slight dip in demand," he said.

Chamberlin & Hill shortfall

THE SUSTAINED depression in the foundry industry led to a fall in pre-tax profits of Chamberlin and Hill from £653,747 to £486,406 in the year to March 31 1982. Turnover advanced by £299,000 to £9.49m.

However despite earnings per 25p share of this light grey iron founder being stated lower at 13.51p (17.67p) the year's dividend is being raised to 2.9p net (2.75p) with a final of 1.8p (1.65p).

The directors say that once again the engineering subsidiaries fared relatively better than the foundries, producing nearly half of the profits.

Looking to the current year they say that although there has been a slight improvement in the order level of the foundries, margins are still extremely narrow, but the outlook for the engineering subsidiaries is reasonably satisfactory

Tax took £21,412 (£51,102), while current cost adjustments reduced the taxable profits to £203,000 (£500,000).

At the half year stage the group was already behind with taxable profits of £201,000 (£330,000) and turnover of £4.32m (£4.98m).

ICFC-led consortium aids Shipton

Industrial and Commercial Finance Corporation heads a consortium including Philip Hill Investment Trust, the Nineteen Twenty-Eight Investment Trust and Moorgate Investment Trust, providing £3m to Shipton Communications Group to facilitate future growth.

The £3m has been provided in the form of a convertible subordinated loan stock, dated 1992 with a coupon phased from 7 per cent to 10 per cent. The loan is convertible into 49.99 per cent of Shipton's equity.

Shipton supplies and instals on both sale and rental terms a wide range of communications products including internal telephone and loud speech systems.

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$325	4	19	2	37	—	—	$341.5
GOLD C	$350	32	1.50	33	23	34	34.	"
GOLD C	$375	—	—	4	14.50	—	—	"
GOLD C	$400	—	—	10	7.50	48	18	"
GOLD C	$425	—	—	125	4.50	—	—	"
GOLD P	$300	—	—	1	4	—	—	"
GOLD P	$325	20	0.20	—	—	25	14	"
GOLD P	$350	28	8.50 B	12	18.50	18	25	"
GOLD P	$400	—	—	3	56	—	—	"
12¾ NL 81 87-91								
C	F.110	—	—	6	4	—	—	F.114
C	F.112.50	60	1.30	2	2.10 A	5	2.80	"
C	F.117.50	—	—	50	0.50	2	0.70	"
P	F.110	—	—	—	—	35	0.90	"
P	F.115	—	—	3	2.10	—	—	"
12 NL 81 85-88								
C	F.105	—	—	15	1.30	—	—	F.105
10¾ NL 80 86-95								
C	F.100	50	1.60	—	—	—	—	F.101.80
C	F.105	—	—	120	0.50	—	—	"
11¼ NL 82 88-92								
C	F.102.50	575	1.20	26	2	—	—	F.104
C	F.107.50	—	—	—	—	5	0.90	"
10 NL 82 86-89								
C	F.100	—	—	100	1	2	1.80	F.99.50
C	F.102.50	—	—	55	0.30	—	—	"
		July		Oct.		Jan.		
AKZO C	F.25	—	—	10	2.90	—	—	F.26.50
AKZO C	F.27.50	32	0.90	63	1.70	—	—	"
AKZO C	F.30	55	0.40	136	1	49	1.40	"
AKZO C	F.32.50	30	0.10	8	0.70	—	—	"
AKZO P	F.25	100	0.50	—	—	—	—	"
AKZO P	F.27.50	57	1.50	10	2	—	—	"
AKZO P	F.30	32	3.60	—	—	—	—	"
AKZO P	F.32.50	—	—	15	6	—	—	"
HEIN C	F.55	—	—	5	6 A	—	—	F.59.70
HEIN C	F.60	15	2.50	5	3.50	5	6	"
HEIN C	F.65	—	—	—	—	5	3	"
HEIN P	F.60	—	—	—	—	19	4	"
HOOG C	F.17.50	30	0.70	—	—	—	—	F.15.90
KLM C	F.90	95	12.80	—	—	—	—	F.100
KLM C	F.100	90	6.50	—	—	—	—	"
KLM C	F.110	75	3.10	17	5.80	—	—	"
KLM C	F.120	67	1.40	26	3	—	—	"
KLM P	F.80	—	—	5	2.20	—	—	"
KLM P	F.90	35	1.30	—	—	—	—	"
KLM P	F.100	5	5.50 A	20	6.50	—	—	"
NEDL C	F.120	105	3	18	6.70 B	12	8.50	F.119
NEDL C	F.130	71	1.30	18	3.40	—	—	"
NEDL C	F.140	—	—	10	1.80	—	—	"
NEDL P	F.110	29	1	—	—	—	—	"
NEDL P	F.130	167	4.80	27	6	—	—	"
NEDL P	F.130	117	12.20 A	—	—	—	—	"
NEDL P	F.140	6	22.30	—	—	—	—	"
PHIL C	F.22.50	74	2.20	—	—	—	—	F.24.50
PHIL C	F.25	—	—	17	1.30	43	1.80 A	"
PHIL C	F.27.50	10	0.10	5	0.60	95	0.80	"
RD C	F.80	19	12.40 A	15	12.50	—	—	F.92.30
RD C	F.90	239	2.80	12	4.80	—	—	"
RD C	F.100	28	0.70	30	1.60	48	2.50	"
RD P	F.80	110	0.60	50	1.30	—	—	"
RD P	F.90	46	3.60	58	4.80	25	5.20	"
RD P	F.100	14	12.50 B	—	—	—	—	"
UNIL C	F.150	9	3.70	5	4.50	—	—	F.156.50
		May		Aug.		Nov.		
VW C	DM.140	5	13.20	—	—	—	—	DM153.50
VW C	DM.150	—	—	10	7.50	—	—	"

TOTAL VOLUME IN CONTRACTS: 4187

A=Asked B=Bid C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	13 %	Robert Fraser	14 %
Allied Irish Bank	13 %	Grindlays Bank	‡13 %
American Express Bk.	13 %	■ Guinness Mahon	13 %
Amro Bank	13 %	■ Hambros Bank	13 %
Henry Ansbacher	13 %	Heritage & Gen. Trust	13 %
Arbuthnot Latham	13 %	■ Hill Samuel	§13 %
Associates Cap. Corp.	13 %	C. Hoare & Co.	†13 %
Banco de Bilbao	13 %	Hongkong & Shanghai	13 %
BCCI	13 %	Kingsnorth Trust Ltd.	14 %
Bank Hapoalim BM	13 %	Knowsley & Co. Ltd.	13½ %
Bank Leumi (UK) plc	13 %	Lloyds Bank	13 %
Bank of Cyprus	13 %	Mallinhall Limited	13 %
Bank Street Sec. Ltd.	14 %	Edward Manson & Co.	14 %
Bank of N.S.W.	13 %	Midland Bank	13 %
Banque Belge Ltd.	13 %	■ Samuel Montagu	13 %
Banque du Rhone et de la Tamise S.A.	13½ %	■ Morgan Grenfell	13 %
Barclays Bank	13 %	National Westminster	13 %
Beneficial Trust Ltd.	14 %	Norwich General Trust	13 %
Bremar Holdings Ltd.	14 %	P. S. Refson & Co.	13 %
Brit. Bank of Mid. East	13 %	Roxburghe Guarantee	13½ %
■ Brown Shipley	13 %	E. S. Schwab	13 %
Canada Perm't Trust	13½ %	Slavenburg's Bank	13 %
Castle Court Trust Ltd.	13½ %	Standard Chartered	‖13 %
Cavendish G'ty T'st Ltd.	14 %	Trade Dev. Bank	13 %
Cayzer Ltd.	13 %	Trustee Savings Bank	13 %
Cedar Holdings	13 %	TCB Ltd.	13 %
■ Charterhouse Japhet	13 %	United Bank of Kuwait	13 %
Choulartons	13½ %	Whiteaway Laidlaw	13½ %
Citibank Savings	¶12¾ %	Williams & Glyn's	13 %
Clydesdale Bank	13 %	Wintrust Secs. Ltd.	13 %
C. E. Coates	14 %	Yorkshire Bank	13 %
Comm Bk of Near East	13 %		
Consolidated Credits	13 %		
Co-operative Bank	*13 %		
Corinthian Secs.	13 %		
The Cyprus Popular Bk.	13 %		
Duncan Lawrie	13 %		
Eagil Trust	13 %		
E.T. Trust	13 %		
Exeter Trust Ltd.	14 %		
First Nat. Fin. Corp.	15½ %		
First Nat. Secs. Ltd.	15½ %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%, 1-month 10.25%. Short term £8,000/12 month 12.6%.
† 7-day deposits on sums of: under £10,000 10¼%, £10,000 up to £50,000 11%, £50,000 and over 11½%.
‡ Call deposits £1,000 and over 10%.
‖ 21 day deposits over £1,000 11¼%.
§ Demand deposits 10¼%.
¶ Mortgage base rate.

Unilever's responsibilities as an international business

Sir David Orr reviews the relationship between Unilever PLC and the world in which it operates at the Annual General Meeting on Wednesday 19th May 1982.

"In almost every major decision we take today we have to consider a variety of interests — the interests of those who depend on us as well as the interests of those whom our actions affect indirectly in their enjoyment of the environment or in the quality of their lives as members of complex communities."

The rapid improvement in global communications and increasingly complex economic and political inter-relationships all mean that a diversified enterprise like Unilever is part of an international community with responsibilities to a wide range of individuals and institutions.

In the Western industrial countries public confidence in many of our institutions including business, trade unions and even the political system has waned. After the period of unprecedented growth and full employment from the Second World War to the early 1970's, many see the present stagnation in our economies and high unemployment as evidence of the inability of our free market system to cope. It is under attack from another quarter too as new values critical of materialism emerge. These suggest that the social costs of efficiency outweigh the benefits and, indeed, challenge the legitimacy and purpose of profit.

I do not believe that such critics can offer a better alternative to the democratic free market system we follow in the West. This is not to say that our market economy is perfect. In any democratic society the interests of government, unions, consumers, and public and private enterprises must be balanced. In helping to preserve this balance, we in the business community must be aware of the criticisms directed at us, even though they are often superficial or contradictory.

We must show that business enterprise deserves to exist not as of right but by virtue of what it contributes to human well-being, that it is responsive and can adapt to meet the changing needs and expectations of society.

WEALTH CREATION

"Let me start by re-affirming our belief in the vital role private enterprise plays in creating wealth efficiently."

The current phase of economic stagnation has not shaken Unilever's faith in the competitive market economy. Rather, it has strengthened our conviction that the only way to break out of the present rut is to mobilise the driving force of private enterprise. In the developing countries particularly, all of our experience suggests that private enterprise is the most powerful engine to create the wealth without which development will not be possible.

In an environment of competitive enterprise, Unilever must be efficient and profitable to stand up to its rivals. Our contribution to wealth is the value added we create. In 1981, this amounted to £3¼ billion. Unilever's continued ability to create added value and to make innovative and risk-taking investment depends on our profitability.

SHAREHOLDERS

"Our shareholders range from the large institutions — the insurance companies and the pension funds — to the small saver."

A business like ours, particularly a steadily growing one, depends on the availability of funds to finance investment in capital assets and working capital. Our main source of new capital is the profit we retain in the business. We are very conscious of our obligations to the equity shareholders who have a right to expect a reasonable return on the money they have invested in our stock. So we aim to produce good results.

But this is not solely for the benefit of shareholders. It is also for the good of the business. Ensuring a fair return to our shareholders maintains our reputation on the stock markets and bourses in case we should need to go to the market for additional equity capital.

Since 1970, the dividends of Unilever PLC have risen fourfold and those of Unilever NV have more than doubled. In each case, the rise has compensated in full for inflation in the home country.

OUR CUSTOMER, THE CONSUMER

"As the world's largest producer of household products such as food, detergents and personal products, Unilever is keenly aware of its responsibility to serve well the needs of the consumers of our goods."

We must provide products which people want and that are safe, reliable and give value for money. Yet to achieve these goals calls for harnessing all the world-wide resources and expertise of Unilever, from basic research and production through to marketing.

People's needs are continually changing. To find out what they want, Unilever carries out continuous market research, spending well over £15 million annually. The results help us to define products that are needed and their chief characteristics such as performance, price, appearance, smell and taste.

Once we have developed a new or improved product which we believe will meet a consumer need, we must invest in production and distribution, and tell people that the product is available.

Last year, Unilever companies together invested £445 million in capital projects and spent about £250 million to advertise over 1,000 different brands to customers in more than 100 countries.

Equivalent to, on average, only a few per cent of the final price of a product, advertising helps to make possible the high sales volume which leads to greatly reduced unit costs and lower prices to the consumer. But advertising will not work if the product itself does not offer enough benefits to make consumers want to buy it again.

We support and follow the voluntary standards of "legal, honest, decent and truthful" advertising as required by the Code of Practice drawn up in 1973 by the International Chamber of Commerce, and its adaptions in various countries.

Naturally we also take great care to ensure that our products are safe. This starts with Research as every new ingredient of a food product and its packaging, every new formulation of a cleaning product or toilet preparation has to be cleared as safe. Our elaborate system of testing requires the efforts of two hundred full-time scientists and their supporting staff.

Once a product is finally cleared for safety, we make sure that nothing we do in the process of manufacturing makes it harmful. This calls for careful control of the working environment together with vigorous quality controls.

Once outside the factory, skills in distribution are essential to ensure that perishable products arrive at the retailer in the state we want.

We strive continually to give customers value for money and choice when they buy a Unilever product. Sometimes we wonder whether we offer too many varieties and brands. But we believe that we serve the consumer best by offering a wide range of choice between our brands and those of our competitors.

GOVERNMENTS

"For we must never forget that outside our two home countries, the UK and the Netherlands, our presence depends entirely on the consent of the host country."

The relationship between Unilever and the governments of these countries is based on interdependence. Unless governments create a climate in which wealth creation is encouraged we cannot fulfil our responsibilities to the many who are involved in our enterprise. Governments in turn should be able to rely on a vigorous and inventive private sector to provide the employment and the financial contribution every country needs.

But in many countries we frequently find that what governments want from us is not at all clear. Often this seems to stem from an ambivalence towards private enterprise, particularly towards the foreign investor. Invariably, the result is excessive regulation and controls, and frequent, abrupt policy changes.

However, it goes without saying that we conform to the law in every one of the countries in which we operate.

We also believe that Unilever must remain clear of party politics. We do not contribute funds to groups whose activities are directed to promote party interests. We believe that this abstention from party politics preserves Unilever's integrity. So too does Unilever's policy of not making payments to politicians or government officials.

Wherever Unilever companies operate, they feel to the fullest extent part of the community and make a very real contribution to its prosperity. We are determined to remain good corporate citizens. Our companies, therefore, make a real effort to adapt their products and marketing to suit local culture and ways of life.

This sometimes raises the issue of a local equity stake in a Unilever company. We prefer to retain full control, though equity partnership with a local business, with the government or with the public may be appropriate as we have found in Nigeria, Kenya, India, Indonesia and other countries. What is important to us is to see that the business will continue to be run on commercial lines, to have a real say in decision-making and to see that our partners have the same aims as we do.

THE PEOPLE IN UNILEVER

"Of all our responsibilities, the one closest to us is our concern for our employees who are the lifeblood of the business."

Our ability to raise finance, to develop new products and to market them successfully depends in the final analysis on the capability of the people who work for us and their motivation to do a good job. Again, our interests are totally interdependent.

We take a good deal of care to select those young people who seem to have the skills, character and interest which equip them to contribute effectively. I must emphasise that Unilever's policy is not to discriminate on grounds of race, religion, sex or nationality. In those few countries whose social structure makes it hard to carry out this policy, we do what we can without breaking the law or deviating too far from local custom.

Unilever places a very high priority on training as we cannot afford to stand still or to stop learning new skills. Each year, we spend about as much on training our employees as we do on research and development.

In every country where we operate our companies try to ensure that remuneration and other conditions of employment such as working hours, holiday entitlement and sickness and pension schemes provide a reasonable standard of living.

Job security is a major concern of employees everywhere but particularly in the Western European countries. We recognise that our reputation as a good employer has been built not only on treating our people with consideration and fairness but also on providing, as far as possible, continuity in their jobs.

However, our companies cannot be expected to be immune from market forces and some operate in industries which have been hit hard by the recession. In difficult times, we have to face the unpleasant necessity of reducing numbers and, in some cases, even of having to close complete units. To prop up loss-making units indefinitely would be unfair to the rest of our employees.

Our employees understandably want to be more closely informed of the progress of the company and of its future prospects. How this is expressed in practice varies from one country to another.

In countries where legislation is introducing new participation systems, our companies will co-operate fully in making them work. Where there are no such laws, we nevertheless expect our companies to respond actively to their employees who want to know more about decisions affecting them and to have their views taken into account.

It has always been Unilever's policy to seek good working relations with trade unions and other such bodies provided they are properly representative of groups of our employees.

UNILEVER AND SOCIETY

"I referred earlier to our decision to behave as responsible and creative members of the communities in which we operate."

Sometimes it is difficult to reconcile the way we perceive our obligations with the calls which are made upon us.

We absolutely accept our responsibility not to pollute the atmosphere by harmful emissions of smoke or effluent. We go further, and try positively to improve the environment in which we work. We design our factories to fit in well with their surroundings.

Yet there are demands that we do more, that we repair the ravages caused by others. We will play our part but we cannot be extravagant at the expense of the commercial viability of our companies.

Similarly, we try to support worthy charities and to encourage the arts. Throughout the world we contribute about £2 million each year to educational, cultural and charitable activities — but there seems to be no end to the number of good causes we are asked to support. Regrettably, there must be some limit to the depth of our purse.

In today's climate of high unemployment in Europe when we are having to reduce staff numbers in some areas, we are asked what we can do to create new employment.

We have tried to keep our recruiting of trainees and apprentices up to normal levels; we contribute to training workshops and to schemes to advise people on how to go into business on their own; and we consider with our employees new patterns of employment which will help a larger number to be wage earners. We will continue to co-operate with government bodies and trade unions and try to make inroads into the problem, but any action we take must take account of the ability of our companies to compete and the interests of the larger number of our employees.

Resolving dilemmas like this has become a very real part of the burden of the management in modern times. If in our decision-taking we put as our first consideration the long term viability of Unilever it is only because sustained profits are an essential prerequisite if we are to continue to play a full and constructive role in the world community.

RETIREMENT OF SIR DAVID ORR AND SUCCESSION OF MR. KEN DURHAM AS CHAIRMAN OF UNILEVER PLC

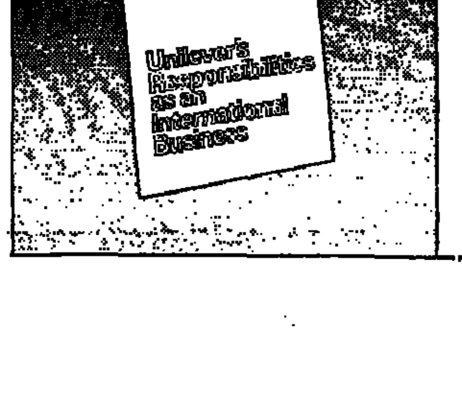
Mr. Brian Medhurst of the Prudential Assurance Company Limited proposed a vote of thanks to the Directors and Employees of Unilever and in doing so expressed particular thanks to Sir David Orr on the occasion of his retirement as Chairman of Unilever PLC. He also welcomed and offered good wishes on behalf of the Shareholders to Mr. Ken Durham on succeeding Sir David as Chairman.

Mr. Durham thanked Mr. Medhurst for his kind remarks and added his own tribute to Sir David Orr, whose work as Chairman ensured that Mr. Durham would have a sound basis from which to start his own Chairmanship. He offered good wishes to Sir David and Lady Orr for the future.

Sir David Orr, in thanking Mr. Medhurst and Mr. Durham, referred to the enjoyment and interest that his life in Unilever had brought him and to the support that he had had from employees of Unilever throughout the world. He promised to convey to the staff Mr. Medhurst's words of thanks. Sir David expressed his own good wishes and hopes for Unilever's future and his certainty that the future was in good hands.

Unilever

The Annual General Meeting of Unilever N.V. took place in Rotterdam on the same day. Mr. H. F. van den Hoven, Chairman of Unilever N.V., presided and delivered the same speech as Sir David Orr in London. The Company has published a report made to the British Government under the E.E.C. Code of Conduct for companies with interests in South Africa. Copies of the report may be obtained from the address below.



If you would like to receive a copy of the full text of the speech please complete this coupon

To: Public Relations Department, Unilever PLC, P.O. Box 68, Unilever House, London, EC4P 4BQ.

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MINING NEWS

Campbell's gold output to rise

BY KENNETH MARSTON, MINING EDITOR

NOW rated as Canada's largest single producer of gold, **Campbell Red Lake Mines** will be even bigger this year, reports **John Soganich from Toronto.** The expanded mine and plant is expected to turn out 212,000 oz gold compared with 200,528 oz last year and 189,536 oz in 1980.

Campbell also has the advantage of low costs, these being C$116.42 per oz last year compared with an average gold price received of C$544.75 per oz. In 1980, costs were equal to only C$83.53 but the subsequent rise reflected in part the need to eliminate the wage differential which existed for many years between gold mines and the rest of the Canadian mining industry.

The company has a 25 per cent stake in its Detour Lake open-pit gold venture. This is due to come on stream in October next year at a total cost of C$145.7m (£64.9m) at an initial annual production rate of 88,000 oz. The other partners in Detour Lake are **Amoco Canada Petroleum** 50 per cent and **Dome Mines** 25 per cent.

Meanwhile, the **Little Long Lac Gold Mines** group is embarking on a rationalisation programme which will result in a reduction in the number of its satellite companies.

Last year, group profits moved ahead thanks to the forward sale of the planned gold output of 178,200 oz at a price of C$735 per oz. This year it has sold forward some 119,000 oz at C$630, equal to U.S.$509 compared with yesterday's market price of U.S.$342.

Jackson Exploration has first quarter turn-round

THE Dallas-based oil and gas producer **Jackson Exploration** reports pre-tax earnings for the three months ended March 31 of $307,748 (£169,600) compared with a loss of $71,907 in the same period of last year.

After providing for deferred taxation the net profit comes out at $256,720, or 6 cents a share compared with a loss of 2 cents a share a year ago.

Commenting on the first quarter results Mr Melvin Jackson, the chairman, says that profits were less than hoped for because of lower gas production and sales.

During the quarter Jackson leased an additional 391 acres on the 17 undrilled prospects held at the beginning of the period. Seven new prospects were generated by the company on which 3,154 acres have been leased.

Four were tested and proved dry leaving an inventory of 20 undrilled prospects containing 10,704 acres. Five development wells drilled during the quarter were successful.

More oil from Dullingari

THE Dullingari 29 development well drilled in South Australia's Cooper Basin has flowed oil at a rate of 800 barrels a day (b/d) from the Murta zone between the interval 4,750 to 4,795 feet, according to Santos.

Last week the well confirmed the presence of a new oil reservoir in the Dullingari oilfield when testing of the Jurassic Namur zone over the interval 4,885 to 4,962 feet produced an oil flow of 2,650 b/d.

Dullingari 29 will be completed as an oil producer and the drilling rig, Richter 2, will move to drill the Strzelecki 10 gas appraisal well in the Strzelecki field.

Interests in the Dullingari field are **Santos, 50 per cent. Delhi Petroleum, 30 per cent, Vamgas, 10 per cent, and South Australian Oil and Gas Corporation, 10 per cent.**

Improvements by El Oro and Exploration

Both **Exploration Company** and **El Oro Mining & Exploration Company**, which are associates of each other holding 49.85 per cent and 40.26 per cent respectively, report advances in pre-tax profits for 1981.

Exploration, with a £238,924 (£257,344) contribution from associates, pushed profits ahead from £0.95m to £1.03m, subject to tax of £458,366 (£411,291).

The net interim dividend of 1.05p per 5p share stands against last year's single payment of 0.875p and an interim of 1.75p gross is declared in respect of the current year. After 1981 dividends the retained balance came through at £449,179 (£431,231).

Profits of El Oro, meanwhile, rose from £739,037 to £745,668, including associates of £354,790 (£316,336). Tax took £325,708 (£319,889) and dividends twice that of Exploration's have been paid and declared on the 10p shares.

Moran Tea cuts interim distribution

With the announcement of a 1p cut in the interim dividend to 1p net per £1 share, the directors of **Moran Tea Holdings** say the continued UK recession and high interest rates have affected the company's UK property investment and development activities. This will have an adverse affect on the results for 1982 they say.

Meanwhile, in India, despite current prices received for tea being some 4p per kilo higher than last year, continuing inflation and increased costs of production mean the tea subsidiary is trading at a loss.

Rigorous action is being taken to rectify the Indian subsidiary's financial position by strengthening the management and by stringent control of costs, they add.

BIDS AND DEALS

THF seeks support to get director on Savoy board

Trusthouse Forte has written to **Savoy Hotel** shareholders urging them to accept its proposals to put a representative on to the Savoy board. The letter also seeks to guage the shareholders' readiness to accept any new bid proposals when, under the terms of the City Code, Trusthouse becomes free from June 19 to reopen last year's bitter takeover battle.

THF proposes that Mr Eric Hartwell, its vice-chairman and joint chief executive, join the Savoy board. Since the only vacancy on the Savoy board was recenly filled, Trusthouse is first proposing that the maximum number of Savoy directors be increased to 12.

The circular from Lord Forte, Trusthouse chairman, explains that "with its holding of 65 per cent of the equity, THF is by far the largest single shareholder in the Savoy.

"It is therefore wholly equitable and reasonable that it should be represented in a non-executive capacity by at least one director on the board of the Savoy, which is by law its subsidiary company, whilst holders of 35 per cent of the equity are represented by 11 directors.

"In seeking to protect its investment by appropriate participation in important board decisions, THF's interest are entirely consistent with those of all other shareholders."

The Savoy board has already likened THF's proposals for representation as "having a piranha in the bath" but shareholders will be given a chance to decide at the annual meeting on May 28.

BSC PENSION FUND

S. G. Warburg says the offers, made on behalf of Tarerose, a company wholly-owned by BSC Pension Fund Trustee, to acquire the share capital of Federated Land have become unconditional in all respects.

Acceptances have been received in respect of 10,376,031 new shares and 10,376,031 deferred shares of Federated, representing 95.4 per cent of the share capital of Federated. Acceptors in respect of 102,810 new shares and 102,810 deferred shares have elected to receive loan notes of Tarerose. Cheques and loan notes will be sent by June 7 1982.

Bemrose rejects Bunzl offer

Bemrose Corporation, the security printer, yesterday signalled its intention of opposing the £13.8m bid from the Bunzl paper and packaging group in a strongly-worded letter to its shareholders.

Bemrose chairman, Mr Gordon Brunton, described Bunzl's 120p per share offer as wholly inadequate and the bid as "hasty and inadequately conceived."

Bemrose, which is being advised by Kleinwort Benson, alleged that by following up Tuesday's unsuccessful "dawn raid" with a formal offer Bunzl and N. M. Rothschild had been in clear breach of the City's takeover and merger code, which requires a wait of seven days before further shares could be acquired.

Bemrose is advising its shareholders to reject the Bunzl bid and will be offering detailed reasons for its stand as soon as the formal offer document has been received.

Meanwhile, Mr James White, managing director of Bunzl, said he expected the offer document, containing precisely the same terms outlined at the time of the first bid, would be sent out next Tuesday or Wednesday.

Bemrose may hear from its shareholders at today's annual general meeting what they think of the offer. At Bunzl's meeting yesterday no questions were put about the company's plans. "It was the essence of quietness," Mr White said.

Bemrose is offering 120p in cash for 1.68m of Bemrose's shares and 120p nominal of 11.25 per cent convertible unsecured loan stock 1992-94 for the remainder.

Bemrose's shares fell back 2p to 127p at yesterday's close, while Bunzl was a further 5p lower at 175p.

Bunzl's early morning raid on Bemrose on Tuesday failed to net a single share when counter-bidding from a number of stock-brokers pushed its share price above Bunzl's offer price. Mr Robert Maxwell's British Printing and Communications Corporation (BPCC), which has been actively seeking new acquisitions in recent weeks, was reportedly one of the counter bidders.

SGH OFFER FOR TANKS' PREF.

Acceptances of the recommended cash offer on behalf of Societe Generale Holdings (SGH), a subsidiary of Societe Generale de Belgique, for all the issued 9 per cent cumulative redeemable preference shares of **Tanks Consolidated Investments** *have been received in respect of* 1,321,671 preference shares, representing 89.03 per cent of the shares.

SGH held no preference shares prior to the announcement of the offer and has not acquired or otherwise agreed to acquire any preference shares during the course of the offer.

The offer has been declared unconditional and will remain open for acceptance until further notice.

BSR expansion in Far East

BSR, the record changer and electronics group, is poised to make further acquisitions in the Far East to augment its successful computer peripherals subsidiary, Astec International, in Hong Kong.

Mr John Ferguson, the chairman, told the annual meeting, that "currently we are negotiating to acquire a major shareholding in another company, which is also an original equipment supplier to the electronics industry." Its products are complementary to those of Astec.

BSR also hopes to purchase a reasonable minority interest in another company with interests in microwave technology, combined with an agreement for Astec to manufacture and distribute products to its mutual benefit.

"These two purchases would be in keping with our original plan to expand our Far Eastern operations," he explained, "by capitalising on Astec's position as a major peripheral component supplier to the computer industry by expanding its product base."

While the terms of the proposed deals have not been disclosed, it is understood that Astec will be able to fund these acquisitions and its own internal expansion from its existing resources.

Mr Ferguson did not see "any evidence of a sustained recovery in the near future, and consequently we shall continue with our policy of reducing costs and improving efficiency wherever possible."

Astec, however, is proving "contrary to this situation and is coping with a much higher level of demand for its existing products, as well as introducing new products. This should sustain its record of growth over the next few years."

BRITANNIA ARROW ACCEPTANCES

Britannia Arrow says that acceptances of the offer made to ordinary shareholders of **General and Commercial Investment Trust** on April 26 1982 have been received from holders of 4,905,621 ordinary in G and C (91.8 per cent of the existing issued ordinary share capital).

The ordinary offer has become unconditional as to acceptances and the determination of net asset value of the existing G and C ordinary shares for the purpose of calculating the value of the offer will be made as at May 17 1982. The ordinary offer remains open for acceptance until further notice.

The separate cash alternative offer made by Lazard Brothers and Co, for all or any of the Britannia shares to which accepting ordinary shareholders of G and C may become entitled, was accepted by holders of 2,689,773 G and C ordinary shares. This offer has now closed.

John Menzies adds to Lonsdale stake

John Menzies (Holdings) yesterday purchased 25,000 ordinary shares in **Lonsdale Universal** at 67p. Menzies now owns 3,440,367 Lonsdale ordinary shares and 39,071 first preference shares.

The shares owned by Menzies carry 40.52 per cent of the total voting rights exerciseable at any general meeting.

In addition, Menzies has received acceptances of its offer for Lonsdale in respect of a further 116,021 ordinary shares and 343 first preference shares, which together carry 1.23 per cent of the voting rights of Lonsdale.

CITY OF ABERDEEN

Acceptances to the offer by City of Aberdeen for General Trust and Heritages have been received in respect of 9,933 ordinary (66.2 per cent), 10,205 *preference (69.8 per cent) and* 34,600 deferred (86.5 per cent). City of Aberdeen intends to extend the offers until June 4, 1982.

Agreement on Redland offer for Cawood

Acceptances of the Redland recommended offers for the shares of **Cawoods Holdings** have been received from holders of 44,351,439 ordinary shares (over 91 per cent) and from the holders of 161,440 preference stock units (over 80 per cent), bankers Morgan Grenfell announced yesterday.

The offers have become unconditional as to acceptances and remain open for acceptances until further notice.

Meanwhile the Office of Fair Trading yesterday confirmed that the merger of Redland and Cawods will not be referred to the Monopolies and Mergers Commission.

However, Morgan Grenfell says the offers remain conditional, inter alia, on the passing of the resolutions to be proposed at extraordinary meetings of Cawoods and Redland to be held on May 20 1982 and May 24 1982 respectively, or at any adjournment of these meeting. Further announcements will be made concerning these conditions, it adds.

Morgan Grenfell, an associate of Redland, yesterday sold on behalf of a discretionary client 40,000 Redland shares at 174p, and sold 200,000 Cawoods shares "assented" at 290p, also on behalf of a discretionary client.

Bejam buys head lease on Plymouth site

Bejam has acquired **Plymouth Commercial Properties**, whose sole asset is a new 125-year head lease on a modern purpose-built shop and office property in Plymouth city centre.

Part of the retail area is occupied by Bejam and the remaining shops, together with the offices, are fully let. The rent payable under the head lease is 8 per cent of the receivable rents.

The consideration of £837,328 was satisfied by 771,742 new ordinary shares.

Bejam's Plymouth branch is achieving the highest turnover of its 180 freezer food centres. Bejam anticipates that the rental value of this property will increase considerably in the next few years. The company sees great benefits in being a virtual freeholder.

Hartley Baird gains EGM at H. Baldwin

An EGM has been announced by **H. J. Baldwin** for June 18. *The meeting was requested by* **Hartley Baird**, which owns 63.3 per cent of the Nottinghamshire concrete and clay products manufacturer, and which has pursued a year long struggle to replace the Baldwin board with directors of its own choosing.

Four new directors proposed by Hartley Baird were voted on to the board after Baldwin's AGM last month, when the re-election of Mr Reg Rodwell, the former managing director, was also opposed.

Mr Rolls Bland, the present chairman, and one of the four original directors who still remain, said then that he expected an EGM to be called in order to remove himself, Mr Peter Hewlett, Mr Mick Mee and Mr Peter Jones from the board.

RIO TINTO-ZINC

Negotiations are in progress which are expected to lead to the transfer to RV Chemicals 60 per cent held by **Rio Tinto Zinc**, of the businesses carried on by **BOC** *at its Mersey works.*

The assets to be transferred represent less than half of 1 per cent of the net assets of RTZ or BOC.

Feedback profits above forecast with £954,782

TAXABLE PROFITS of **Feedback** rose by 27 per cent from £750,904 to £954,782 in the year to March 31 1982, which the company points out comfortably exceeds its forecast of 18 per cent growth to £875,000 made at the time of its USM placing last November.

With earnings per 10p share of this designer and maker of electronic, electrical and microprocessor equipment for industry and education stated at 6.99p (5.48p) the final dividend is set at 1p making a total of 2p as forecast in the group's prospectus.

During the year, the directors say, continued progress was made in orders received and turnover which moved ahead from £5.58m to £5.86m. This growth is expected to be maintained, they add.

The pre-tax profits were struck after interest charges of £24,570 (£38,983) and included an associate's losses of £13,225 (£11,775). Tax took £383,400 (£312,781) leaving attributable profits of £571,382 (£438,123), and after dividends of £168,000 (£99,940) the retained balance emerged at £403,382 (£338,183).

Current cost adjustments reduced the taxable profits to £825,704 (£509,789) and stated earnings per share to 5.41p (2.46p).

Some improvements at BTR in opening months

Sir David Nicholson, the chairman of **BTR**, told members at the annual meeting that the group had experienced some further increases in its overall business in the opening months of the current year.

Regarding the group's £25m takeover last year of Serck, the Birmingham valve maker, he said that news of the Monopolies Commission investigation of the acquisition appeared imminent. He understood the report had been prepared and that he hoped to hear the result "very soon."

At **Firmin & Sons** meeting *the chairman said the year had* started well and present indications suggested that the first half profits were likely to exceed those of the previous year.

Bridon shareholders were told that nothing had changed the directors' judgment that it would be wrong to count on any significant improvement in the world economic climate to help the group in the achievement of the best possible results for 1982.

The chairman of **Cape Industries** said the company had traded at a "modest" profit in the first quarter and results to date were "somewhat ahead" of expectations.

At **Spirax-Sarco Engineering** the chairman revealed that overseas order intakes for the first four months had been maintained in real terms at the same level as a year earlier and added that if the apparent undertone of greater confidence in the home industry continued then the group's results for the year would benefit accordingly.

Yearling bonds total £15.9m

Yearling bonds totalling £15.9m at 13⅜ per cent redeemable on May 25 1983 have been issued this week by the following local authorities.

Bromsgrove DC £0.5m; Bury (Metropolitan Borough of) £0.5m; Lothian Regional Council £0.25m; Southend-on-Sea BC £1.5m; Havering (London Borough of) £1m; Knowsley (Metropolitan Borough of) £0.5m; Llanelli (Borough of) £0.25m; South Tyneside (Borough of) £0.75m; Tewkesbury BC £0.5m; Wellingborough (Borough of) £0.25m; West Glamorgan CC £0.75m; Brighton BC £1m; Fife Regional Council £1m; Brent (London Borough of) £0.5m; Buckinghamshire CC £1.5m; Hounslow (London Borough of) £1.5m; Alnwick DC £0.15m; Barnsley Metropolitan BC £1.5m; Erewash (Borough of) £0.5m; Gosport BC £0.75m; Hastings BC £0.75m.

Rhymney Valley DC has issued £0.25m of 14 per cent bonds at par for redemption on May 15 1985 and St. Edmundsbury BC has issued £0.5m of 13⅜ per cent bonds also at par for redemption on May 16 1984.

ASSOCIATE DEAL

S. G. Warburg and Co, as an associate of **Pearson Longman**, sold on May 17 on behalf of a discretionary investment client 25,000 ordinary 25p shares of Pearson Longman at 347p and 5,000 at 345p.

First quarter setback for Francis Inds.

Customer demand at **Francis Industries** in the first three months of the current year was significantly lower than that of the previous year and as a result the group's results for the quarter were "very substantially" short of last year's level, Mr Sandy Saunders, the chairman says in his annual report.

He adds that every opportunity is being looked at . . . to achieve a higher utilisation of group capacity. Further steps have been taken to reduce costs and although it is unlikely that the group can make up the lost ground, the chairman says there are indications of some improvement in the second six months.

As reported on May 13, taxable profits of this specialist manufacturer of packaging and industrial products, mainly for the petrochemical, paint and automotive industries, declined from £1.8m to £1.74m for 1981 although turnover was little changed at £29.86m (£29.71m).

At year end shareholders' funds totalled £12.87m (£12.23m) and net current assets were £5.73m (£6.24m). Bank loans and overdrafts were higher at £2.83m (£1.98m). Meeting will be at the Institute of Chartered Accountants' Hall, EC, on June 10, at noon.

INVESTMENT COMPANIES

LONDON TST.

PRE-TAX revenue of *London Trust* improved from £4.9m to £5.06m in the year to March 31 1982. The final dividend is raised from 2.25p to 2.5p net for an increased total of 3.75p against 3.5p.

Gross revenue rose from £9.31m to £11.49m, and expenses and interest charges were higher at £6.43m compared with £4.42m. There was a tax charge of £1.71m (£1.6m).

Stated earnings per 25p share were 3.61p (3.55p) but net asset value per ordinary share was down from 111.2p to 106p.

AMBROSE INV.

GROSS income at **Ambros Investment Trust** for the year to March 31 1982, declined from £857,582 to £804,325.

Expenses took £62,936, up from £61,750, and tax £225,803, down from £241,826, leaving net revenue of £516,126, compared with £554,006.

A final dividend 0.2p higher at 4.5p net per share raises the total from 7.1p to 7.3p. Net asset value is given as 32.07p per 25p income share (32.2p) and 182.33p per 25p capital share (168.73p).

DUALVEST

AS PREDICTED, net revenue at **Dualvest** investment trust was slightly ahead at £661,050 for the year to March 31 1982, against £627,480, after tax of £389,066, up from £365,790.

A higher final dividend of 3.557p net per 50p income share (3.288p) boosts the total to 7.345p (6.972p). Net asset value per £1 capital share is given as 581.75p, compared with 574.125p, after deduction of the income shares at their nominal value.

WHITBREAD INV.

AFTER being ahead at £2.46m halfway, **Whitbread Investment** reports profit before tax of £4.5m for the year to March 31 1982, against £4.07m.

Total dividend for the year is *raised to 4.8p net per share from* 4.3p by a final up from 2.85p to 3.2p. Earnings per 25p share are given as 4.87p, compared with 4.4p.

Tax was higher at £1.43m, against £1.29m, leaving net profit of £3.07m (£2.78m). Retained profit was £46,185 (£67,551).

LON. & LENNOX

Revenue before tax of **London & Lennox Investment Trust** edged ahead from £610,563 to £623,690 for the 12 months to March 31 1982 and the net total dividend is being marginally increased to 2p per 25p share, compared with 1.9p, by a same-again final of 1.4p.

Net revenue emerged at £403,174 (£373,270) after all charges including tax — and including £7,501, against £25,331, relating to the subsidiary. UK tax took £220,516 (£237,293).

Stated earnings per share were 2.25p (2.08p) and net assets per share totalled 59.4p (61.5p) at March 31. Total assets at market value were £11.3m (£12.58m).

LONDON TRADED OPTIONS

May 19. Total Contracts 2,260 Calls 1900, Puts 360

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	280	38	—	48	1	—	—	310p
BP (c)	300	22	12	30	1	42	1	"
BP (c)	330	9	10	18	—	24	—	"
BP (p)	280	6	33	11	—	—	—	"
BP (p)	300	13	3	34	—	30	1	"
BP (p)	330	30	64	40	—	44	—	"
CU (c)	130	10	—	16	—	20	27	132p
CU (c)	140	5	—	10	22	15	10	"
Cons. Gld (c)	390	14	—	25	1	37	—	374p
Cons. Gld (p)	420	57	6	67	—	70	—	"
Ctlds. (c)	70	18	2	21	—	—	—	85p
Ctlds. (c)	80	8½	96	12	29	19	2	"
Ctlds. (c)	90	4½	94	8½	50	13	20	"
Ctlds. (c)	100	2	15	5	—	8	—	"
GEC (c)	850	57	1	87	—	114	—	882p
GEC (c)	900	29	—	54	60	84	—	"
GEC (p)	850	12	1	23	—	32	—	"
GEC (p)	900	35	4	50	2	55	2	"
Gr'd Met. (c)	180	32	2	39	5	—	—	208p
Gr'd Met. (c)	200	16	64	23	—	28	—	"
Gr'd Met. (c)	220	5	31	11	5	15	—	"
Gr'd Met. (p)	200	8	61	12½	14	14	9	"
Gr'd Met. (p)	220	16	29	25	12	26	—	"
ICI (c)	300	24	14	30	—	40	—	312p
ICI (c)	360	3	3	7	—	—	—	"
ICI (p)	300	8	2	12½	—	17	—	"
ICI (p)	330	23	7	28	—	34	—	"
ICI (p)	360	50	1	54	—	—	—	"
Land Sec. (c)	280	13	2	25	—	33	—	278p
Land Sec. (c)	300	6	25	18	—	23	—	"
Mks& Sp. (c)	160	6½	7	10½	—	14	—	155p
Shell (c)	390	35	56	46	3	58	—	414p
		August		November		February		
Barclays (c)	460	22	2	37	—	50	—	458p
Barclays (p)	420	6	2	15	—	—	—	"
Barclays (p)	460	18	4	23	—	28	—	"
Imperial (c)	70	27	60	—	—	—	—	93p
Imperial (c)	80	17½	7	20½	—	—	32	"
Imperial (c)	90	10½	313	14	25	17	—	"
Imperial (c)	100	5½	380	8	51	9¾	—	"
Imperial (p)	90	3	30	4½	—	5½	—	"
Imperial (p)	100	9	22	10½	—	11½	—	"
Lasmo (c)	330	30	2	45	1	62	—	327p
Lasmo (c)	360	17	7	34	—	45	—	"
Lasmo (c)	390	11	25	—	—	—	—	"
Lasmo (c)	420	5	20	—	—	—	—	"
Lonrho (c)	70	4½	101	6½	112	8½	6	68p
Lonrho (c)	80	2	—	3½	—	5	22	"
Lonrho (p)	80	13	6	13	—	14	—	"
Lonrho (p)	90	23	10	—	—	—	—	"
P & O (c)	120	28	2	32	—	—	—	143p
P & O (c)	140	12	—	15	—	20	2	"
Racal (c)	360	58	—	73	2	—	—	405p
Racal (c)	390	35	2	53	1	65	—	"
Racal (c)	420	18	—	35	4	48	—	"
Racal (c)	460	6	—	15	4	28	—	"
Racal (p)	360	3	9	8	—	—	—	"
Racal (p)	390	12	6	22	1	28	—	"
Racal (p)	420	30	6	35	—	40	1	"
Racal (p)	460	60	2	65	—	70	—	"
RTZ (c)	420	37	7	54	3	60	—	441p
RTZ (c)	460	17	12	32	3	42	1	"
RTZ (p)	390	6	3	14	—	—	—	"
RTZ (p)	420	16	1	22	1	32	—	"
RTZ (p)	460	37	4	47	—	52	—	"
RTZ (p)	500	77	2	—	—	—	—	"
Vaal Rfs. (c)	45	7	25	8	—	9	—	$49
Vaal Rfs. (c)	50	3½	6	4½	—	5½	—	"

C=Call P=Put

INTERNATIONAL COMPANIES and FINANCE

Italy expects to reduce Euromarket borrowing

By Alan Friedman in Rome

ITALY'S state and private sector borrowings in the Euromarket are expected to total about $6bn this year, against $9bn last year. The main reason for this reduction will be an expected $2bn to $3bn decline in the 1982 current account deficit, according to the Bank of Italy.

Italian borowers, public and private, will have to pay about $4bn this year as interest on outstanding debt. Between $2bn to $2.5bn of debt will mature in the year. The latest estimate is that the current account deficit will decline from $8bn in 1981 to $6bn or less this year, leading to a lower borrowing requirement in the Eurobond and Eurocredit markets.

The country's outstanding external debt is about $47bn, of which $35bn is mostly in the public sector and the rest private commercial bank debt related to export-import business.

About 75 per cent of Italian debt on international capital markets is in U.S. dollars, but the Bank of Italy expects borrowers to diversify further into other currencies this year.

Both borrowers and banks are demanding diversification, said Dr Giovanni Magnifico, counsellor of the Bank of Italy. "There had been some 'discrimination' against Italian names in the markets, but Italy hopes to prevent interest rate margins from rising, he said.

Commenting on the queuing system for Italian borrowers, which came into force under Treasury and Bank of Italy supervision last September, Dr Magnifico said there had been some friction, but the general reaction had been favourable. Friction between two or more borrowers wishing to come to the market at the same time was "unavoidable," and the bank had sometimes stepped in.

TransCanada bonds hit by Dome worries

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

EUROBONDS issued by the Canadian utility TransCanada Pipelines were hit by a flurry of nervous selling yesterday morning as investors began to worry about the borrower's connection with the troubled Dome Petroleum concern.

The 16 per cent bonds due 1989 fell three points at one stage to be quoted at about 98, although the price later picked up after UBS (Securities), lead manager of the TransCanada issues, stepped in to support the market.

Mr Nicholas Ryan, director of UBS (Securities), said that during the day his firm bought 10 times as many TransCanada bonds as it sold. "The market now knows that we are interested in buying the bonds. We've succeeded in stabilising a situation that was in danger of running out of control," he said last night.

Dome Petroleum, which recently announced exceptionally poor business results, owns about 47 per cent of TransCanada Pipelines. Little trading in its own Eurobonds was reported yesterday as attention switched to the TransCanada issues.

"The market tarred TransCanada Pipelines with the same brush totally without justification," Mr Ryan said. "It's a public utility regulated by the *National Energy Board. It is* structured in such a way that Dome cannot take advantage of it."

The volatile movements in TransCanada bonds may also have been exaggerated by the very thin trading in yesterday's market which saw other bonds virtually unchanged.

But another casualty of the market's recent deterioration has been the $60m, 15⅞ per cent issue by Mead International which was postponed by lead managers Hambros Bank.

In other primary market news the $50m Illinois Power issue has been priced at 99½ per cent with a coupon of 14½ per cent by lead manager Credit Suisse First Boston.

Citizen Watch is raising DM30m through a 6½ per cent convertible placement due in 1989. The conversion premium *is 6 per cent and the issue price* has been set at par by lead managers Bayerische Landesbank and Nikko Securities.

In the Samurai bond market Australia is raising Y10bn through an 8 per cent 10-year issue priced at 99.95 by lead managers Nomura Securities.

Swiss Franc foreign bonds were little changed, while D-Mark bonds fell about ½ point in very thin trading.

Macy lifts third quarter earnings

By Our Financial Staff

SUCCESSFUL trading results for their latest quarterly trading periods were reported yesterday by two well-known names in the U.S. retail industry.

R. H. Macy, owner of the famous New York store and also of about 90 other trading units in 13 states, *continued to exceed forecasts,* pushing earnings ahead from $13.6m to $15.9m or 48 cents a share in the third quarter, on sales of $684.3m against $579m.

At the nine-month stage, earnings of $102.7m or $3.12 a share compare with $95.9m or $2.96 last time—a modest enough increase but better than expected at the beginning of the year. Sales have risen from $2.05bn to $2.29bn.

In fiscal 1981, Macy's earnings rose by nearly one fifth to $120m on sales of $2.7bn, but a further rise this year seemed unlikely at first in view of the effects of the U.S. recession on consumer spending.

Dayton Hudson of Minneapolis, which has nearly 900 stores, earned $16.5m or 34 cents from continuing operations in the first quarter, compared with $13.5m or 28 cents a year ago. Earnings from discontinued operations of $5.3m this year and $13.2m last year made net of $21.7m this time, compared with $26.8m a year ago.

The board said the Target division of low margin stores, which bring in about one third of group earnings, increased profits in the quarter, as did Mervyn's, provider of about one quarter of the group total.

Luxembourg bank boosts profit and dividend

BY OUR EUROMARKETS CORRESPONDENT

BANQUE Generale du Luxembourg has reported rapid growth *for last year with net profits up* 29.6 per cent to LuxFrs 320.8m ($7.5m) and total assets up 29.3 per cent to LuxFrs 159.7bn.

The bank is paying a dividend of LuxFrs 240 compared with LuxFrs 205 for 1980.

Last year's growth was due in large measure to a sharp increase in customer deposits which rose 36.5 per cent to LuxFrs 105.3bn. Growth in interbank deposits was much slower at 17.2 per cent.

The general meeting yesterday approved an increase in the bank's share capital from LuxFrs 1.44bn to LuxFrs 2.2bn which may be carried out in several tranches.

As a first step the bank will offer a one-for-five rights issue at par which will raise paid-in capital to LuxFrs 1.75bn through the issue of 85,000 new participation shares.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday June 16.

Closing prices on May 19

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 86/97	150	101¾	102¼	0	−0⅛	14.27
Amax Int. Fin. 16¼ 92	75	103⅞	104⅜	0	+0¼	15.38
Amex O/S Fin. 14¼ 89	75	97⅝	98⅛	+0⅛	−0⅛	14.74
APS Fin. Co. 16⅝ 89	75	103¼	103¾	0	−0⅛	15.32
Armco O/S Fin. 15⅜ 86	50	100¼	100¾	0	−0½	15.13
ATT 14¼ 89	400	101½	102	+0⅛	−0⅛	13.81
Baker Int. Fin. 0.0 92	225	†27½	28	0	−0⅛	14.03
Bk. Amer. NT SA 12 87	200	92½	93	0	+0¼	14.13
Burroughs Int. 15¾ 88	50	104⅜	104⅞	+0¼	−0⅛	14.48
Canadair 15½ 87	150	101½	102	−0⅛	−0½	14.92
Can. Nat. Rail 14⅝ 91	100	99⅝	100⅛	0	−0⅛	14.60
Carolina Power 16½ 89	60	104⅛	104⅝	0	−0½	15.36
CIBC 16 87	100	102⅝	103⅛	−0⅛	−0⅞	15.07
Citicorp O/S 15 84/92	100	100⅜	100⅞	+0⅛	+0⅛	14.55
Citicorp O/S 15½ 85/97	125	101⅛	101⅝	0	−0⅛	14.78
CNA 15⅞ 97	75	101	101½	0	0	15.62
Con. Illinois 15⅜ 89	100	102½	103	−0⅛	−0½	15.03
Duke Pwr. O/S 15½ 89	60	102⅛	102⅝	−0⅛	+0¼	14.90
Dupont O/S 14½ 88	400	100¼	100¾	+0⅛	−0½	14.32
Dupont O/S Cap. 0.0 90	300	37⅛	37⅝	0	−0⅛	13.58
ECSC 14¾ 87	50	99¼	99¾	−0⅛	−0⅝	14.86
EIB 15½ 89	150	101⅛	101⅝	−0⅛	−0⅛	15.12
Eksportfinans 14½ 89	50	98⅛	98⅝	−0⅛	−0⅛	14.88
Gen. Elec. Credit 0.0 92	400	29⅞	30⅜	+0⅛	−0⅞	13.10
Gen. Elec. Credit 0.0 93	400	26¼	26¾	0	−1	13.16
Getty Oil Int. 14 89	125	98¾	99¼	+0⅛	−0½	14.23
GMAC O/S Fin. 16 88	150	102¼	102¾	+0⅛	+0¼	15.26
GMAC O/S 15¾ 85/97	100	99⅛	99⅝	+0¼	−0⅛	15.48
Gulf Canada Ltd 14¾ 92	100	99¾	100¼	−0⅛	−0½	14.73
Gulf Oil 14¼ 94	175	98⅞	99⅜	0	−0⅛	14.39
Gulf Oil Fin. 0.0 92	300	28½	29	+0½	−0½	13.58
Gulf States O/S 16 90	60	100⅞	101⅜	0	−0⅛	15.72
Int.-Am Dv. Bk. 15⅛ 87	55	100⅛	100⅝	0	−0⅛	14.95
Japan Airlines 15¼ 88	50	102⅛	102⅝	+0½	+0⅛	14.60
Japan Dev. Bk. 15½ 87	50	103½	104	0	0	14.30
New Brunswick 16¼ 89	75	105	105½	−0⅛	−0⅞	14.92
OKG 15¾ 58/97	50	98½	99	−0⅛	0	16.13
Ontario Hyd. 16 91 (N)	200	105⅜	105⅞	0	−0⅛	14.80
Ontario Hydro 14¾ 89	150	101⅛	101⅝	0	−0⅛	14.41
Pac. Gas & El. 15¾ 89	80	103⅜	103⅞	0	−0⅛	14.80
Pac Gas & El. 15½ 89	45	103¼	103¾	0	−0⅛	14.63
J. C. Penney Gl 0.0 94	350	22⅜	22⅞	0	−1	13.49
Phillips Petrol 14 89	200	97⅛	97⅝	+0⅛	−0½	14.62
Quebec Prov. 15⅛ 89	150	100¾	101¼	−0⅛	−0⅛	14.96
R J. Rynlds. O/S 0.0 92	400	27⅞	28⅜	0	−1⅛	13.89
Saskatchewan 16 89	125	104	104½	−0⅛	−0¼	14.93
Spain 15¾ 87	100	99½	100	0	+0¼	15.79
Statsloretag 15⅜ 87	50	100¼	100¾	+0⅛	−0⅛	15.91
Sweden 14½ 88	150	96⅝	97⅛	0	+0⅛	15.22
Swed Ex Cred. 15¾ 89	100	99⅝	100⅛	−0⅛	−0½	15.24
Swed. Ex. Cred. 0.0 94	200	21⅛	21⅝	−0¼	−0⅜	13.96
Transcanada 16 89	100	101	101½	−0⅛	−1⅛	15.64
Union Carbide 14¾ 89	150	100⅜	100⅞	+0¼	0	14.59
Wells Fargo I. F. 15 87	75	101⅜	101⅞	+0⅛	0	14.46
WMC Fin. 15½ 88	50	98⅝	99⅛	0	−0¼	15.72
World Bank 15¾ 88	250	101⅜	101⅞	−0⅛	−0⅛	14.77

Average price changes... On day 0 on week −0½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 9¼ 92	150	99½	100	−0⅛	−0⅛	9.28
Australia 9⅜ 91	300	103⅞	104⅜	0	−0¼	8.69
Australia 9⅜ 91	200	104	104½	+0⅛	−0⅛	8.63
Comp. Tel. Esp. 10½ 92	100	100⅞	101⅜	−0⅛	−0½	10.28
Denmark 10 88	100	101¾	102¼	−0⅛	−1¼	9.52
Denmark 10⅛ 92	100	101⅞	102⅜	−0⅛	−1⅛	9.77
EDF 9⅝ 92	100	101⅞	102⅜	0	−0⅛	9.52
EEC 10⅛ 93	100	103⅝	104⅛	0	−0⅛	9.55
EEC 9¾ 94	200	102½	103¼	+0¼	−0⅛	9.34
EIB 9⅜ 88	60	102¼	103	0	−0⅛	9.18
Ireland 10⅛ 86	100	101⅞	102⅜	−0¼	0	9.46
Mexico 11 88	100	101¾	102½	+0¼	−0⅛	10.51
Nacnl. Financiera 11 90	150	99⅝	100⅛	−0⅛	−0⅝	11.03
Nat. West. 9⅞ 92	100	105	105½	0	−0⅛	9.00
New Zealand 9¼ 89	200	103⅝	104⅛	−0⅛	−0⅛	8.98
OKB 9¾ 86	150	102⅝	103⅛	−0⅛	−0½	9.15
Quebec 10⅜ 92	150	104½	105½	−0⅛	−1¼	9.33
Quebec Hydro 10¼ 91	150	104	104¾	−0⅛	−1⅛	9.51
Renfe 10 92	100	99⅝	100⅛	0	−0⅛	10.02
Tauernautobahn 9⅞ 94	50	103⅛	103⅝	0	−0⅛	9.38
Venezuela 11½ 91	100	100⅛	100⅝	−0⅛	−0⅞	11.41
World Bank 9½ 89	100	102⅝	103⅛	+0⅛	+0¼	8.94
World Bank 10 91	250	104⅝	105⅛	−0¼	−0⅛	9.17

Average price changes... On day −0⅛ on week −0⅝

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Ansett Transport 7½ 92	50	104	104½	+0⅛	+0⅛	6.88
Aucalsa 7¾ 92	80	98⅞	99⅛	0	0	7.88
Australia 6½ 94	100	105¼	105¾	+0⅛	+1⅛	5.84
Cse Nat. l'Energie 7 92	100	102⅜	102⅞	0	+1	6.63
CFE-Mexico 8¼ 92	50	100½	101	+0⅝	+2⅞	8.13
Co-op. Denmark 8⅜ 92	25	105⅝	106⅛	−0⅛	+1⅝	7.48
Crown Zellrbch. 6¾ 92	100	103⅛	103⅝	0	+0⅛	6.28
Denmark 7⅛ 91	100	103¼	103¾	−0⅛	+1½	6.73
EIB 7¼ 92	100	†103½	104	+0⅛	+0⅞	6.70
Elet. de France 7 92	100	103⅝	104⅛	+0⅛	+1⅛	6.44
ENEL 8 92	44	103⅜	103⅞	+1⅛	+2⅛	7.45
First City Fin. 8¼ 92	25	105⅛	105⅝	+0⅛	+0¼	7.45
Kommunlane 7¼ 92	35	101½	102	−0½	+0⅛	7.00
Manitoba 7 92	100	106	106½	0	+0⅛	6.12
Mitsui OSK 6½ 92	100	101⅞	102⅜	−0¼	+1	6.21
National Pwr. Co. 8 92	30	103⅝	104⅛	+0¼	0	7.42
Nippon T. and T. 6⅝ 92	100	103¾	104¼	−0⅛	+0½	6.06
OKB 7¾ 92	100	104⅜	104⅞	−0⅛	+0⅛	7.07
Ost. Donaukraft 7 92	100	103¼	103¾	0	0	6.49
Ost. Postspar 7½ 92	100	103⅞	104⅜	−0⅛	+0½	6.90
Philip Morris 6⅝ 92	100	104⅜	104⅞	−0⅛	+0⅛	5.99
Quebec 7⅜ 92	100	106	106½	+0⅛	+0⅞	6.49
Sekisui Pre 5¾ 92 WW	70	†107	107½	+0⅛	+1½	4.81
Soc. Lux. de Cnt. 8⅜ 92	80	105¾	106¼	0	+0⅞	7.13
Transcanada Pipe. 7 94	100	100	100½	+1⅛	−3¼	6.96
Vorarlberg Kraft 6¾ 92	50	103¼	103¾	−0⅛	+0⅛	6.26

Average price changes... On day +0⅛ on week +0⅝

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8¼ 91	15	100⅜	101⅛	0	−0⅛	8.10
Int.-Amer. Dev. 8⅞ 91	15	102⅜	103⅛	0	−0⅛	8.45
Japan Airlines 7⅞ 87	9	97⅝	98⅛	0	−0⅛	8.42
New Zealand 8½ 87	15	100⅞	101⅞	0	−0⅛	8.03
World Bank 8⅜ 92	20	100⅜	101⅛	0	0	8.25

Average price changes... On day 0 on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Can. Pac. S 16⅛ 89 C$	50	†99	99½	−0¼	−0¼	16.54
Crd. Foncier 17¼ 89 C$	30	†99¾	100¼	−0¼	0	17.11
Hudson Bay 17 89 C$	40	†99¾	100¼	−0¼	−0⅛	16.98
Montreal 17 89 C$	50	*†102	102½	0	0	16.38
Queb. Hydro 16½ 89 C$	50	†98¼	98¾	−0¼	−1½	16.84
Quebec Prov. 17 88 C$	50	†102¾	103¼	−0½	+0¼	16.11
Simpsons 16¾ 89 C$	40	†97¼	98	+0¼	+0⅛	17.35
U. Bk. Nwy 9½ 90 EUA	18	89½	90⅛	0	+0⅛	11.47
Amro Bank 10 87 Fl	150	98⅞	99⅜	−0⅛	−0½	10.23
Bk. Mees & H. 10 87 Fl	75	98⅞	99⅜	+0⅛	0	10.23
Eurofima 10½ 89 Fl	50	100⅞	101⅜	−0⅛	−0¼	10.25
Phil. Lamps 10¼ 87 Fl	100	101¼	101¾	−0¼	+0¼	9.84
Rabobank 12 86 Fl	50	106½	107	−0⅛	−0⅛	9.89
World Bank 10 87 Fl	150	99	99½	+0⅛	0	10.19
OKB 14 86 FFr	400	92¼	93¼	+0⅛	+0⅛	16.68
Solvay et C 14¾ 86 FFr	200	92½	93½	+0¼	+0⅛	17.34
Acona 14 85 £	20	95½	96½	0	+0½	15.46
Beneficial 14⅛ 90 £ (D)	20	88⅛	89⅛	0	+0⅛	16.79
BNP 13½ 91 £	15	92⅞	92⅞	0	0	15.06
CECA 13½ 88 £	20	94⅜	95⅛	−0⅛	−0⅛	14.76
Fin. Ex. Cred. 13¾ 86 £	15	95½	96¼	0	−0⅛	15.20
Gen. Elec. Co. 12½ 89 £	50	92½	93¼	−0⅛	−0⅛	14.17
Hiram Walker 14¼ 86 £	25	97¼	98	−0⅛	−0⅛	15.07
Privatbanken 14½ 88 £	12	94½	95½	0	+0⅛	15.84
Quebec 15½ 87 £	35	102	103	0	−1¼	14.71
Reed (Nd) NV 16¾ 89 £	25	102¾	103½	0	−0⅛	15.91
Royal Trustco 14 86 £	12	97⅝	98⅜	−0¼	−0¼	14.67
SDR France 15½ 92 £	30	99½	100¼	0	−0⅛	15.50
Swed. Ex. Cr. 13⅜ 86 £	20	97⅞	98⅛	0	−0½	14.51
Eurofima 10½ 87 LuxFr	500	95⅞	96⅞	0	−0⅛	11.40
EIB 9¾ 88 LuxFr	600	93	94	−0½	−1⅛	11.34

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish 5¼ 92	0¼	98⅛	98⅝	15/10	15.69	15.95
Bank of Montreal 5¼ 91	0⅛	99	99½	29/10	15⅛	15.24
Bk. of Tokyo 5¼ 91 (D)	0⅛	98½	99	10/6	13¼	13.42
Bk. Nova Scotia 5¼ 93	0⅛	99⅛	99⅝	29/10	15⅛	15.22
BFCE 5¼ 88	0¼	99⅛	99⅝	28/10	15	15.09
BFCE 5¼ 87	0¼	99⅜	99⅞	27/7	16½	16.31
Caisse Nat. Tele. 5¼ 90	0¼	99⅜	99⅞	21/4	15¾	15.81
CCCE 5¼ 2002	0⅛	98⅜	98⅞	11/6	14.82	15.02
Co-Ban Eurofin 5½ 91	0¼	99	99½	14/10	16	16.12
Credit Agricole 5¼ 97	0¼	99⅛	99⅝	24/9	15.44	15.53
Credit Lyonnais 5¼ 97	0¼	99½	100	1/10	16	16.04
Credit Nat. 5¼ 94	†0⅛	98⅝	99⅛	9/6	14.69	14.87
Denmark, Kngdm. of 92	0⁵⁄₁₆	†99¼	99¾	25/8	15.44	15.62
Den Norske Cred. 5½ 93	0¼	97⅞	98⅜	4/6	13.56	13.82
Genfinance 5¼ 92	0¼	99½	100	30/6	15½	15.54
Ind. Bank Japan 5¼ 88	0⅛	98⅞	99⅜	12/11	14½	14.63
Kansallis Osake 5½ 92	0¼	99¼	99¾	6/11	15.31	15.39
Lloyds Eurofin 5¼ 93	§0¼	99⅛	99⅝	29/4	17.13	17.24
J. P. Morgan 5¼ 97	§0¼	98¾	99¼	12/8	14⅝	14.77
Nat West Fin. 5¼ 91	§0¼	99⅛	99⅝	15/7	15.19	15.28
New Zealand 5¼ 87	0⅛	99½	100	7/10	15.56	15.60
Nippon Credit 5¼ 90	0⅛	99¼	99¾	10/8	16.06	16.14
Nordic Int. Fin. 5½ 91	0¼	98⅝	99⅛	6/11	15¼	15.42
Offshore Mining 5¼ 91	0¼	98⅞	99⅜	2/6	13	13.11
PKbanken 5 91	0⅛	99	99½	17/6	14⅜	14.48
Scotland Int. 5¼ 92	0⅛	98⅞	99⅜	23/9	15⅜	15.51
Sec Pacific 5¼ 91	0⅛	99	99½	24/5	13¼	13.35
Societe Generale 5¼ 95	0¼	99⅛	99⅝	1/9	15.31	15.41
Standard Chart. 5¼ 91	0¼	98⅝	99⅛	18/5	13.31	13.46
Sumitomo Fin. 5½ 88	0⅛	99½	100	9/8	16	16.04
Sweden 5¼ 89	0¼	99⅛	99⅝	26/8	15.31	15.41
Toronto Domin'n 5¼ 92	0⅛	99¼	99¾	11/8	16⅜	16.46

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¾ 96	7/81	933	89⅝	91½	+0¼	4.76
Bow Valley Inv. 8 95	4/81	23.12	97	99	0	49.39
Bridgestone Tire 5½ 96	3/82	470	89¼	90⅝	+0¼	−1.38
Canon 6¾ 95	1/81	829	103	105	+0⅞	11.27
Daiwa Secs. 5½ 96	12/81	513.3	†64	66	0	−3.72
Fujitsu Fanuc 4½ 96	10/81	5641	95¼	97¼	+1¼	7.46
Furukawa Elec. 5¾ 96	7/81	300	101	102½	+1½	−2.11
Hanson O/S Fin 9½ 96	8/81	1.36	†87	88	0	−7.42
Hitachi Cable 5¼ 96	2/82	515	93⅝	95⅛	+1⅛	2.31
Hitachi Cred. Cpn 5 96	7/81	1612	84½	86½	0	4.40
Honda Motor 5½ 97	3/82	841	91½	93	+2	2.24
Inchcape 8 95	2/81	4.55	†59½	60½	0	19.77
Kawasaki 5¾ 96	9/81	229	72½	74	+0⅝	5.25
Marui 6 96	7/81	846.4	108	109½	+2½	6.99
Minolta Camera 5 96	10/81	826.4	66	67½	+0¼	13.22
Minorco 9¼ 97	5/82	8.16	†86	87½	0	14.82
Murata 5¼ 96	7/81	2168	67½	68⅝	+0⅛	16.98
NKK 6½ 96	7/81	188	82¾	84¼	+0¼	−10.29
Nippon Chemi-C. 5 91	10/81	919	65¾	67¼	0	9.42
Nippon Electric 5¼ 97	2/82	846	97¼	99¼	+2⅛	5.72
Orient Finance 5¾ 97	3/82	1205	96	97½	+1¼	4.34
Sanyo Electric 5 96	10/81	652	74⅜	75⅞	+2⅝	13.08
Sumitomo Elec. 5½ 97	3/82	577.3	93⅞	95⅜	+2	1.74
Sumitomo Met. 5¼ 96	10/81	296.1	70⅝	72¼	+0¼	24.47
Swiss Bk. Cpn. 6½ 90	9/80	191	78	80	0	29.60
Konishiroku 6 90 DM	2/82	585	106½	107½	+1⅝	4.90
Mitsubishi H 6 89 DM	2/82	263	94½	95½	0	13.16

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month: § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg day=Change on day. Cnv date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. *Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.*

Annual report of Texas Air heavily qualified

By Richard Lambert in New York

TEXAS AIR, which owns Texas International Airlines, had its annual report heavily qualified because of its substantial investment in Continental Airlines, another troubled carrier.

Earlier this year Peat Marwick Mitchell, auditors, qualified Continental's accounts, noting that the airline "may be unable to continue in existence" as a result of its heavy losses.

Arthur Andersen, another accounting firm, has made a similar comment about Texas Air, which owns 51 per cent of Continental and is seeking shareholder approval next month for a full takeover. The firm says that "should *Continental Airlines be unable* to continue in existence, Texas International Airlines in turn might be unable to continue in existence."

Texas Air said it expected *"to continue to experience* significant losses over the near term." Last year, the holding company reported a loss of $47.2m.

Optimism for 1981 outcome from Swiss Re

By John Wicks in Zurich

SWISS REINSURANCE (Swiss Re) expects improved profits for 1981. The company says in a letter to shareholders that although it has again experienced an underwriting loss on non-life reinsurance business, earnings have risen both on life reinsurance and from increased investment income.

In 1980, parent-company profits rose from SwFr 69.9m to SwFr 76.2m ($38.7m), from which an unchanged dividend of SwFr 100 per share was paid.

Premium income in 1981 is expected to have been at about 1980 levels, most foreign currencies having weakened against the Swiss franc. In 1980, gross premium income of the parent company amounted to SwFr 3.64bn and that of the Swiss Re group as a whole SwFr 8.39bn.

Svenska Varv to cut loss

By Our Financial Staff

SVENSKA VARV, the Swedish state-owned shipyard and industrial group, hopes to "conspicuously" cut losses this year having posted a 1981 loss before tax and accounting dispositions of SKr 1.6bn ($275m).

The company said that losses last year had expanded from the 1980 loss of SKr 1.46bn because of high interest rates and foreign exchange losses. However, operational losses before adjustments for interest earnings and payments narrowed to SKr 546m from SKr 823m.

The group, with sales of SKr 7bn, has planned for several consecutive years of losses as part of a restructuring programme aimed at decreasing dependence on shipbuilding.

U.S. results paint a grim picture

BY RICHARD LAMBERT IN NEW YORK

AFTER TAX profits of U.S. companies declined by 17.5 per cent between the fourth quarter of 1981 and the first three months of 1982. This was the third largest decline on record, the Department of Commerce said yesterday, having been surpassed only in the second quarter of 1980 and the fourth quarter of 1953.

Year on year comparisons look even worse. Company profits in the first three months of the year were 29.8 per cent lower after tax than in the comparable period of 1981.

Mr Malcolm Baldridge, the Secretary of State for Commerce, said yesterday that the sharp fall in profits reflected a "cost-price squeeze on corporations." He added that the 'dramatic drop in inflation is laying the groundwork for a sustainable business expansion *which should be accompanied by* a strong rebound in corporate profits."

After tax profits in the latest period were running at a seasonally adjusted annual rate of $118.8bn compared with $169.2bn a year earlier and $144bn in the final three months of 1981.

Behind the setback lay a steep downturn in the overall U.S. economy. Revised figures from the Commerce Department show that the output of goods and services in the U.S. contracted at a seasonally adjusted annual rate of 4.3 per cent after inflation in the first quarter of the year, compared with a 4.5 per cent decline in the preceding quarter.

Earlier estimates had indicated a 3.9 per cent downturn in the latest period. Yesterday's updated figures reflect revised figures for consumer spending and Federal Government purchases.

The Department also produced revised figures for inflation in the opening months of this year. These indicate that prices rose at an annual rate of just 3.5 per cent in the first quarter, down from 9.5 per cent in the preceding three months.

The slowdown in inflation means that in real terms profits have not fallen quite as fast as the figures published by individual companies might indicate. Adjusting for inventory gains and capital consumption, profits before tax fell by 15.6 per cent in the quarter. Eve so, this setback had only been exceeded once before—during the last three months of 1953.

Officials of the Department said last week that retail sales had picked up strongly in April, and that this should help companies' balance sheets. But economists in general say the *overall economy may still be* declining in the current quarter, though not at nearly the same pace as in the first.

National in chips market drive

BY LOUISE KEHOE IN SAN FRANCISCO

FIGHTING FOR a place in the billion dollar market for high performance microprocessors, National Semiconductor yesterday unveiled a new set of chips that represent five years and $35m worth of development for the Santa Clara-based semiconductor company.

For National Semiconductor the 16000 will also become its technology flag ship. Although widely recognised as a high volume chip manufacturer, National's chip designs have so far failed to gain the aclaim won by its neighbours and rivals in Silicon Valley.

The NS 16000 high end *microprocessor is already acknow*ledged by the experts to be the best of its type. It is faster and more powerful than those sold by Intel and Motorola—the two major suppliers of high-end microprocessor chips.

But National comes to the market several years late—after Intel and Motorola have established their designs in the marketplace. National, however, is determined to make up for lost time. The company is emphasising the superior performance and new features of its chips by making direct comparisons with competing devices.

To provide extra strength for its marketing push with the 1600, National has set up "alternative source" agreements with Fairchild Semiconductor—now a subsidiary of Schlumberger—and with Eurotechnique—its French joint manufacturing venture with *Saint Gobain. But neither is* seen as a "strong" source within the industry.

National has also pulled in several software companies to provide programmes that will enable systems companies to develop applications for the 16000. Included in the roster are digital Research of California, a leading supplier of system software for microcomputers.

The 16000, despite all its attributes, faces an uphill battle against Intel's 8086 family and Motorola's 68000. National's prime market for the 16000 will be among manufacturers of business and personal computers, but many of the major contenders in that sphere have *already committed themselves* to either Intel or Motorola chips. IBM uses Intel's 8088 in its personal computer, as does Digital Equipment. Apple Computer is expected to opt for the *Motorola 68000.*

In other applications, however, such as industrial controllers, military systems and higher performance business computers, National may gain market advantage from the higher speed and computing power of its chips.

Retail dip hits Hudson's Bay

By Our Montreal Correspondent

HUDSON'S BAY, Canada's largest retailer warns of a substantially larger first quarter loss than last year's corresponding C$1.5m (U.S.$1.2m) by its merchandising division.

Mr Donald S. McGiverin, president, told the annual meeting in Winnipeg that retail sales had been flat with real volume down after adjustments.

Group operation earnings for the full year to end-January were C$3.7m (excluding a special gain from the sale of its major stake in Hudson's Bay Oil and Gas), against C$54.6m

Air Canada again in red

By Our Financial Staff

AIR CANADA incurred a first quarter loss of C$27m (US$21.8m) compared with a loss of C$3.6m in the same period of 1981.

Operating revenues rose 11 per cent to C$534.1m but expenses increased 16 per cent. Fuel costs rose 25 per cent.

The airline said that operating capacity as calculated by available ton miles increased by 5 per cent.

Dover confident of record year

BY OUR FINANCIAL STAFF

EARNINGS MAY dip in the second quarter of this year at Dover, third largest manufacturer of elevators in the U.S., and a force in oilfield and petroleum equipment. But Mr Gary Roubos, president, said in *New York yesterday that the* group remains confident of achieving record sales and earnings for the full fiscal 1982 year. Last year brought earnings of $2.69 a share on sales of $1.03bn.

The second quarter is suffering the effects of a change in the product mix and reduced profit margins at some divisions, he added. But sales for the quarter should be slightly higher than the $478.7m of the previous comparable period.

Earnings were $2.62 a share. Dover bases its confidence for the full year on its expectation of moderate economic recovery in the second half. Mr Roubos commented: "As we indicated a few weeks ago, we do not expect performance for the *balance of the year to match* the strong year-to-year gains reported for the first quarter of 1982."

Strong sales of elevators in the second quarter should more *than offset softness in petroleum* production and marketing equipment, and in some products for general industry.

The decline in the sales of sucker rods and of other petroleum production equipment can be attributed to the fall in the price of oil and to cash flow problems at some oil companies and independent producers. After record sales in December and January, sales dropped slightly in February and then fell further in March and April. It is believed that these sales have bottomed out, *said Mr Roubos.*

Sales of oil production equipment were 36 per cent higher in the first quarter and earnings increased by 76 per cent. Sales of these products for the second quarter may be 10 per cent down from a year ago, however.

Elevator operations are expected to continue to show good year-to-year gains for the balance of 1982. Bookings have been running higher than a year earlier and are expected to exceed the record amount of new orders booked last year.

Marsh sees gain

By Our Financial Staff

MARSH AND McLENNAN, the world's biggest insurance brokerage concern, expects earnings for 1982 to be higher than 1981, said Mr John M. Regan, *Jr. chairman.*

But he doubted whether the company would reach its target for earnings growth of 10 per cent above the inflation rate. The company's C. T. Bowring unit is to sell its Bowring-plant engineering subsidiary and its Bowring shops retail unit, said Mr Regan.

VONTOBEL EUROBOND INDICES
14.5.76=100%

PRICE INDEX	18.5.82	11.5.82	AVERAGE YIELD	18.5.82	11.5.82
DM Bonds	96.51	96.86	DM Bonds	8.997	8.927
HFL Bonds & Notes	99.94	100.24	HFL Bonds & Notes	9.956	9.923
U.S. $ Strt. Bonds	90.69	90.68	U.S. $ Strt. Bonds	13.890	13.877
Can. Dollar Bonds	91.90	91.76	Can. Dollar Bonds	15.353	15.285

Kevin Done assesses the W. German group's fortunes as GEC bid speculation grows

AEG moves towards a critical turning point

THE LONG-RUNNING saga of the rescue of AEG-Telefunken, West Germany's financially stricken electrical and electronics group, is entering a decisive phase, with speculation growing that GEC of the UK is standing in the wings preparing to take a substantial minority stake in part of AEG's capital goods operations, which in total represent about two-thirds of group turnover.

Since the late 1970s, AEG has repeatedly threatened to become the biggest corporate failure to be suffered by German industry in the post-war period. From the end of 1979, it has remained in business only through the good grace of its bankers, who have been left uneasily holding 50 per cent of the AEG equity.

The bankers are due to meet again on June 14 for a climatic meeting in Frankfurt—eight days before the company's annual meeting in Berlin—to decide what further financial sacrifices they are willing to make if they are to continue on the painful course they chose at the end of 1979: namely a private enterprise rescue that would eschew all temptations to call on the state for aid.

Herr Hein Dürr, AEG chief executive, admitted recently that the company's performance since the banks stepped in at the beginning of 1980 had been a "big disappointment." New skeletons have been discovered in the AEG cupboard at an alarming rate for the banks, and the costs of the rescue operation have risen inexorably as the list of measures has lengthened.

● Existing shareholders—already without a dividend since 1973—suffered the expensive indignity of having their equity written down to a third of its earlier worth at the end of 1979.

● AEG's 24-member banking consortium—23 West German institutions and one Swiss bank—pumped in DM 930m ($401.7m) in new equity to save the concern from immediate financial collapse. The new shares subscribed at a price of DM 150 per share have recently been trading at a low of 37.

● Insurance companies and major West German industrial groups rallied round as part of the rescue package subscribing to unsecured bonds worth a further DM 450m.

● Around DM 2bn of AEG's long-term borrowings were rescheduled, repayments were waived on these credits for three years and for 1980 and 1981, AEG was granted interest rates on these credits at 2 per cent below market rates.

All these measures were insufficient to block the gaping holes in AEG's finances, however, or to make good the gross deficiencies in the structure of its balance sheet which had left it dangerously dependent on debt financing. Equity accounts for only 9 per cent of total liabilities.

Speculation has been rife for several months that top level contacts between Dürr and Lord Weinstock, the GEC chairman, could lead to some form of equity involvement in AEG by the British electrical group, which is under-represented in continental Europe, particularly in West Germany.

What form this engagement could take is not yet clear, but it appears that GEC is moving towards taking a substantial minority stake—perhaps as much as 49 per cent—in the core of AEG's electrical engineering activities, many of which are still in good shape. AEG's central problems stem from consumer goods which alone are expected to accumulate operating losses of up to DM 250m this year, although the yaccount for only a third of AEG's worldwide turnover of DM 15.4bn.

The other two-thirds of AEG sales is contributed by capital goods, including the office information equipment manufacturer, Olympia, and this dominant portion of AEG business is forecast by Durr to break back into profit this year.

The AEG chairman no longer makes a secret of the fact that the real millstone around the company's neck is Telefunken, the consumer electronics subsidiary. "There is no way we can survive in brown goods (consumer electronics) in the medium-term with our volumes of production," said Herr Durr, suggesting that the AEG board is seeking either co-operation with another consumer electronics group or an outright disposal.

AEG has already stitched together one deal for Telefunken to manufacture 300,000 video recorders a year in co-operation with JVC of Japan and Thorn-EMI of the UK. In household appliances, Durr is confident that AEG can restore its operations to financial health through drastic re-structuring without outside help.

On the capital goods side, one model for future co-operation with GEC is already available in the shape of the telecommunications joint venture AEG put together last year with the Robert Bosch group and Mannesmann. AEG's telecommunications division was established as an independent corporate entity with AEG retaining only 51 per cent, the whole deal with other measures raising around DM 400m to help AEG's stretched finances.

AEG's industrial systems division, which now appears finally to have caught GEC's eye had sales last year of DM 5.88bn. At the same time, new orders rose by 22 per cent to DM 6.4bn helped by the DM 700m order from the USSR for gas turbines for the West Siberian natural gas pipeline to West Europe.

In the first quarter, of this year, this division's sales rose by 17 per cent and its performance has easily outstripped the average of the German electrical sector. It has a workforce of 47,580 of which 41,320 were employed in Germany.

Activities centre on radio and radar systems, power distribution, railway and road traffic systems, turbine systems, motors and generators, industrial and marine systems and contractor equipment.

Several of these areas involve sensitive defence contracts for the West German armed forces, a factor which would make it unlikely that GEC would be allowed to take a controlling interest.

SALES BY DIVISION

	1981 DM m	% Change on year
CAPITAL GOODS		
Industrial systems	5,881	+9
Communications systems	843	+21
Standard products	1,850	−10
Olympia (office machines)	1,121	+15
Total	9,695	+6
CONSUMER GOODS		
Household appliances	3,103	−1
Consumer electronics	1,714	−6
Power tools	316	—
Total	5,133	−3
Domestic	8,483	—
Foreign	6,354	+8
Total sales	14,837	+3

Political problems that GEC must overcome

BY JASON CRISP

GEC DIRECTORS are now considering a number of options to buy substantial parts of AEG-Telefunken, the troubled German electricals company.

GEC's prime interest is thought to be in the power generation and industrial systems side but it is also believed to be looking at a number of other areas including telecommunications and electronic components. The negoiations have been intensified by the German banks concern over the latest call by AEG-Telefunken for yet more assistance.

It is likely to be several weeks before GEC can agree what parts, if any, of AEG it will acquire. The deal would offer a number of advantages to GEC.

The two companies' product ranges are also broadly complementary. GEC would benefit from AEG-Telefunken's market strengths in West Germany, Continental Europe and Latin America.

Any deal is fraught with political problems. GEC—which is refusing to discuss the issue—is unlikely to want *to take on parts of AEG* without full management control which may not be acceptable to Germany, especially because of defence *contracts*.

The consortium of 24 banks which is supporting AEG may be so concerned at the company's plight that political considerations will be overcome. But there is also thought to be some resistance within GEC to taking over a troubled company.

***GEC* has concentrated *in* recent years *on* acquiring companies in North America. It is believed to have come close to several purchases in the past year, and is thought to be interested in buying a telecommunications company there to give it a (stronger) position in world markets.**

West LB unlikely to pay dividend this year

BY STEWART FLEMING IN FRANKFURT

WESTDEUTSCHE Landesbank, (West LB) the third largest German banking institution, is not expecting to pay a dividend for 1982, despite expectations of improved profits in the current year as a result of falling interest rates. Instead, the improved earnings will be used to strengthen the bank internally, according to Herr Friedel Neuber, chief executive.

Last year, West LB was one of the big banks hardest hit by the unexpected surge in German interest rates. It was forced by plunging profits to dig deep into hidden reserves, selling shareholdings estimated to have a worth of over DM600m, in order to avoid reporting substantial losses.

The bank's operating earnings last year including the profitable building society division, fell from DM 265m to DM 195m ($84.2m). After drawing on hidden reserves, however, after tax profits were DM 45m, the same as in 1980. Group net profit including operations not accounted for in the parent company results rose from DM 61m in 1980 to DM 71m last year.

The biggest problem for the bank in 1981 was the mismatching of its funding against its loans. The bank ended the year with around DM 8bn of longer term loans financed with more expensive short term funds. This was about DM 4bn less than at the end of 1980. Depending on the method of calculation, the mismatching led to losses of between DM 350m and DM 500m.

The bank has taken steps to strengthen its equity base for future growth. Last year DM 200m of new equity was pumped into the bank.

Krupp Stahl makes good start with sales ahead

BY JAMES BUCHAN IN BOCHUM

THE FUSION of Krupp Stahl and Hoesch Werke into the new West German steel giant, Ruhrstahl, will be completed before the end of this year, according to Herr Alfons Goedde, chief executive of Krupp Stahl.

Hoesch Werke is now attempting to disentangle itself from Estel, the transnational steel company it formed in 1972 with Hoogovens of the Netherlands.

After its worst year ever in 1981, Krupp Stahl reported sharply improved figures for the first three and four months of the current year. In the first four months, sales climbed 5 per cent to DM 2.1bn ($907.1m) and the first quarter showed a "two-figure million profit."

The improved performance, despite a 4 per cent fall in crude steel production, was attributable to the European Community steel price rises. Overall, Herr Goedde expects a positive result for 1982 against a net loss of DM 112m in 1981. This loss that would have stood at DM 385m but for extraordinary earnings, including the sale of property.

Herr Goedde also disclosed that Ruhrstahl would be cutting the partners' crude steel capacity by 20 per cent. Since the start of the steel crisis in 1975, Krupp Stahl alone has made fixed investments for restructuring purposes of DM 2bn, and cut its workforce by 7,800 with a further 1,000 to go in the course of this year.

But to get Ruhrstahl off the ground, Herr Goedde would be demanding investment help from federal and regional governments "several times greater" than the DM 600m first proposed.

Estel, meanwhile, reported a pre-tax loss of Fl 6.1m ($2.36m) in the first quarter of this year compared with a loss of Fl 243.7m.

Hoesch had a pre-tax profit of Fl 27m while Hoogovens, lost Fl 33m. This follows a loss of Fl 698m for 1981, a figure that was heavily weighted by reorganisation costs.

Thomson-Brandt buys German hi-fi maker

BY DAVID WHITE IN PARIS

FRANCE'S recently nationalised Thomson-Brandt group has confirmed its new strategy of concentrating on mass-market electronic products by announcing plans to take over Dual, the bankrupt West German hi-fi producer.

Under an agreement reached with Dual's receivers, the French group is to invest DM 30m ($13m) in the company over the next three years.

It plans to keep on 640 of Dual's 2,000 employees and to run its factory at St Georgen in the Black Forest on a leasing basis. Thomson did not disclose how much it had agreed to pay to take over the Dual trademark and the company's stocks of raw materials and finished products.

The privately-owned West German company, well-known for its record turntables, filed for bankruptcy late last year after collapsing under the pressure of Japanese competition. It had 1981 sales of DM 232m, a third in exports.

The agreement, which is still subject to approval by the French and West German authorities, is aimed at building up Thomson's share of the European hi-fi sector.

Thomson is setting up two fully-owned West German companies, one for manufacturing and one for marketing, to run the venture.

The reorientation of Thomson's policy was already illustrated by its decision to halt development of videodiscs for professional use, undertaken by its subsidiary Thomson-CSF, and to concentrate instead on mass-market videodiscs at its consumer products division.

At the same time, Thomson-Brandt is currently studying the possibility of making its own video tape recorders.

Steel lay-offs accepted

BY RUPERT CORNWELL IN ROME

ITALY'S engineering unions have accepted the long term lay-off of 2,100 workers at Teksid, the special steels subsidiary of the Fiat motor group, as part of the major rationalisation now under way in the industry.

The unions' decision in effect removes the last major obstacle to final agreement for the transfer of much of Teksid's business to Finsider, the steel subsidiary of the publicly-owned IRI conglomerate.

The workers, out of a total of more than 30,000 employed by the loss making Teksid, will be placed on state subsidised lay-off for three years. It is hoped that aid from the European Coal and Steel Community will help provide long term alternative employment for about 500 of them.

Last year, Teksid reported a loss of L78bn ($62m), up from L43bn in 1980, while Finsider's deficit reached a record L2,130bn. Both, however, are confident of a significant improvement in 1982.

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INTERNATIONAL COMPANIES and FINANCE

Slow housing construction hits Sekisui Chemical

BY YOKO SHIBATA IN TOKYO

SEKISUI CHEMICAL, Japan's top processor of synthetic resins, incurred a sharp setback in earnings in the fiscal year ended March 31, reflecting slow recovery of market prices of chemical products due to the sluggishness in housing construction.

Sekisui's operating profits fell by 58.7 per cent to Y3.06bn ($12.9m). Full year net profits were Y1.75bn, down by 51.6 per cent, on sales of Y297.58bn, down by 1.5 per cent over the previous year. Per share profits were Y6.09, compared with Y13.94 in the previous year.

The company cut its dividends by Y2.5 to pay Y5 a share per annum.

Of total turnover, sales of PVC pipes accounted for 18 per cent (up 2.7 per cent), housing materials 10.1 per cent (down 9 per cent), industrial materials 8.9 per cent (up 4.9 per cent), packaging materials and adhesive tapes 12.5 per cent (down 3.3 per cent) chemical products 12.2 per cent (down 2 per cent), and prefabricated houses 37.1 per cent (down 2.9 per cent).

Despite favourable sales of prefabricated houses, poor land sales dragged down earnings in this division.

Cutting prices of PVC pipes and packaging materials in order to trim inventories hurt profitability of chemical products. The company's failure to raise prices of chemical products, due to the incursion of low-priced synthetic resin from the U.S. and Canada helped by the yen's appreciation against the U.S. dollar until the end of last December) resulted in deterioration of profitability in chemical products.

Production of PVC pipes ran 40 per cent below a year earlier. This increased the burden of fixed cost.

In the current fiscal year ending next March, the company expects earnings level to recover to those of fiscal 1980 (ended March 1981).

Full year operating profits are expected to reach Y7bn, an increase of 129 per cent over the year just ended. Net profits are projected at Y2.2bn for a gain of 26 per cent, on sales of Y325bn, up 9 per cent on 1981-82 returns.

Van Der Horst expands by U.S. takeover

By Georgie Lee in Singapore

VAN DER HORST, the Singapore-based engineering group, has acquired Rig Supply Inc. for $1.7m in cash.

Rig Supply, based in Texas, is primarily engaged in developing and manufacturing drilling and pipe handling tools used on gas, oil and water wells. Its pretax profit for 1980-81 was $320,000.

The acquisition will be financed from Van Der Horst's internal resources and the shares will be held through its wholly-owned U.S. subsidiary.

Van Der Horst said that the acquisition represents an important expansion of its manufacturing services to the oilfield industry. It will provide access to higher technology and to U.S. drilling and oil field markets.

ACI profit advance falls short of mid-term hopes

BY OUR FINANCIAL STAFF

AUSTRALIAN Consolidated Industries, the major diversified industrial group, has reported a 42 per cent rise in net profits to A$63.74m (US$68m) for the year ended March.

The glass, packaging and plastics group recorded a 64 per cent increase in turnover to A$1.64bn. ACI's growth slowed, however, in the second half after reporting a doubling of interim net profits to A$36.02m. This suggested that full-year profits of A$75m were possible.

The company has declared an unchanged final dividend of 7.5 cents a share. It paid an unchanged interim dividend, also of 7.5 cents a share.

ACI's full-year net earnings were sharply hit by an increase in the tax bill to A$58.79m from A$19.97m a year earlier, higher depreciation (A$65.92m against A$44.05m), interest charges of $A37.78m against A$23.21m) and minority interests of A$19.39m against A$12.06m.

ACI's profit growth was restrained in the second half of the year by difficult trading conditions and higher wages and finance costs. The increased interest payments related to the funding of some non-resource acquisitions and higher interest rates.

The year-end results benefited from the first time inclusion of Acmil, the building and industrial supply group it acquired for A$240m in 1981.

But the group suffered from a loss on its U.S. operations.

Japan to restart zero coupon bond trade soon

By Richard C. Hanson in Tokyo

SALES OF heavily discounted zero coupon Eurobonds to Japanese investors are expected to restart in the near future. Securities houses, however, have accepted a number of official "suggestions" aimed at avoiding past excesses. Japan's share in any new issue will likely be limited to one-third of the total.

The Finance Ministry called a halt to sales of zero coupons in March. At the time, the authorities were alarmed at the size of a sudden outflow" of capital into the zero coupons (about $800m in February alone). This drain came as the yen was weakening on international exchange markets.

The Ministry was also upset by the sometimes blatant offering of zero coupons as a tax haven for rich Japanese investors. This was done in some cases, without clearly informing investors of the risks, and other demerits, involved.

Since then, the Ministry has revealed plans to close the tax loopholes by imposing a capital gains tax on zero coupon bonds, and requiring securities houses to notify tax authorities of individual redemptions.

Securities houses this week agreed to avoid selling zero coupon bonds too close to the payment date of a new issue. This will eliminate what in effect had been subscriptions to new issues by Japanese investors, without a required application to the Ministry.

In addition, the securities houses will avoid "aggressive" sales, and provide investors with information detailing the risks involved.

Samurai bond issue pace to be increased

By Our Tokyo Correspondent

THE SAMURAI bond market, for foreign yen-denominated bonds issued in Japan, will be allowed to expand to a monthly pace of Y75bn $316m) of new public issues from July. This compares with a monthly rate of Y55bn for May and June.

The loosening of the market is aimed at least partly at meeting increasing foreign pressure for greater access to yen borrowing.

Underwriters say that around 30 or more potential borrowers are now in the queue for yen issues. In addition, the authorities now appear more relaxed about the prospects for the yen.

Long-term yen borrowing has become extremely attractive, compared with dollar bonds. The latest samurai issue by the EEC carried a coupon of 8 per cent.

In July, there will be four public issues (compared with three this month and next). These are a Y20bn issue by Procter and Gamble, Y20bn by Venezuela, 15bn by Manitoba and Y20bn by Finland. The latter squeezed in after plans to expand the market were confirmed.

● The Japanese Government will have to issue large amounts of additional national bonds in fiscal 1982, which started April, to cover shortfalls in national tax income, according to the Underwriters Association, Reuter reports from Tokyo.

Sharp lift in interest charges depresses earnings at Fedfood

BY THOMAS SPARKS IN JOHANNESBURG

DOUBLED interest charges, teething troubles with new subsidiaries and problems with a Chilean fishing subsidiary combined to reduce pre-tax profits of Fedfood, the diversified South African food group.

Income — before tax and interest — rose by 9.1 per cent to R39.3m ($36.6m) in the year ended March 31; in 1980-81 the profit was R36m. But the interest bill rose to R10.9m from R5.2m which lowered pre-tax profits to R28.4m from R30.8m. Even at the pre-interest level, the percentage increase in profits was lower than that recorded by most competing groups.

Turnover rose by 24.1 per cent, to R551m from R444m.

New investment and capital extensions, the directors say, made only a small contribution to group profits because of high finance costs and initial low returns. There has been a major extension of the group's frozen food production facilities and additional distribution operations have been acquired.

In Chile, the partner in a fishing venture is in financial difficulties and Fedfood is having to monitor carefully its investment in the country. The directors say, however, that the investment is not material.

A note of optimism is struck by the directors' statement that as yet, no noticeable decreases have been discerned in the sectors in which Fedfood operates.

Meanwhile, the total dividend has been increased to 36 cents a share from 34 cents. Earnings rose to 82.9 cents from 78.1 cents a share.

Strong growth shown by Imperial Cold Storage

BY OUR JOHANNESBURG CORRESPONDENT

AN INCREASE of 27.6 per cent in pre-tax profits is registered by Imperial Cold Storage (ICS) the South African holding company with interest in red meat distribution, poultry, dairy products, fish and frozen vegetables. The profit was R32.2m ($30m) for the year ended February, compared with R25.2m previously. Turnover rose to R948m from R766m.

A total dividend of 20 cents a share, against 18 cents previously, has been declared from earnings of 64.8 cents a share, against 50.2 cents.

The company is having to set aside large amounts of cash for capital projects and increased working capital. For this reason the rate of increase in dividends has been kept below that of earnings. ICS is spending heavily on farming operations

Barlow Rand is acquiring control of ICS and will hold the shares through its subsidiary C. G. Smith. Already 27 per cent of the ICS equity has been acquired from the Old Mutual insurance company and a further 20 per cent will be acquired on completion of the merger of C. G. Smith's sugar interests with the food group Tiger Oats.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1978=100), retail sales value (1978=100); registered unemployment (excluding school leavers), and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1981							
1st qtr.	99.6	88.8	98	106.6	130.8	2,282	100
2nd qtr.	99.0	88.9	92	104.7	134.5	2,482	89
3rd qtr.	99.9	89.8	104	105.5	139.1	2,641	96
4th qtr.	100.3	89.9	88	105.4	168.5	2,752	104
Sept	100.3	90.4	87	103.5	138.8	2,692	97
Oct	101.6	91.5	94	106.2	147.8	2,523	99
Nov	100.1	90.0	92	105.6	158.4	2,760	104
Dec	99.1	88.1	79	104.6	193.1	2,769	108
1982							
1st qtr.	99.7	89.4		106.6	141.3	2,818	112
Jan	99.2	88.3	96	107.0	143.9	2,812	112
Feb	99.7	89.8		106.1	137.6	2,818	113
March	100.2	90.2		106.6	142.3	2,823	111
April				106.0		2,823	110

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1981							
1st qtr.	93.6	88.3	117.2	84.2	75.7	76.8	10.9
2nd qtr.	93.1	88.7	118.0	84.8	78.7	75.6	14.1
3rd qtr.	93.5	89.3	118.7	86.3	77.2	75.0	14.2
4th qtr.	93.4	90.0	121.3	86.2	82.7	75.6	11.8
Sept	93.0	90.0	120.0	87.0	79.0	75.0	15.4
Oct	95.0	90.0	124.0	87.0	86.0	76.0	13.4
Nov	93.0	90.0	121.0	86.0	83.0	76.0	14.1
Dec	92.0	90.0	119.0	86.0	79.0	75.0	7.7
1982							
1st qtr.	91.9	91.3	119.4	87.1	83.0	73.7	14.7
Jan	91.0	91.0	119.0	86.0	80.0	73.0	11.4
Feb	93.0	91.0	119.0	87.0	84.0	74.0	15.6
March	92.0	92.0	120.0	88.0	85.0	74.0	17.1

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1980							
4th qtr.	126.4	111.4	+1,265	+2,114	+222	105.2	27.90
1981							
2nd qtr.							26.73
4th qtr.	132.4	126.4	+552	+1,470	+698	99.8	23.35
Feb	118.9	107.8	+334	+767	+230	105.1	28.43
March		102.9					28.21
April		104.7					28.07
Sept	129.8	129.2	+ 58	+191	+291	99.6	23.70
Oct	132.4	122.2	+296	+602	+ 74	98.9	23.32
Nov	134.4	136.3	− 79	+227	+205	100.1	23.46
Dec	130.6	120.6	+335	+641	+419	100.4	23.35
1982							
Jan	119.5	123.4	−132	+348	+168	101.2	23.23
Feb	125.4	120.6	+174	+654	+270	100.6	23.37
March							18.97
April							18.16

Trade figures for March-August 1981 not available because of Civil Service dispute.

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1981							
1st qtr.	6.8	8.8	12.4	+1,308	1,081	1,884	12
2nd qtr.	23.1	17.3	6.5	+4,250	1,103	1,936	12
3rd qtr.	8.1	18.1	29.7	+5,938	868	2,019	
4th qtr.				+2,173	422	1,980	
July	14.2	17.2	19.8	+2,240	290	658	12
Aug	0.8	14.5	35.4	+1,240	244	659	—
Sept	9.7	22.8	34.3	+2,458	334	706	—
Oct	− 4.7	20.2	24.0	+1,552	154	681	—
Nov	7.6	17.3	20.4	+ 445	65	642	—
Dec				+ 176	203	657	—
1982							
1st qtr.					967	2,101	
Jan				+1,338	356	654	
Feb				+ 846	347	691	
March					264	756	
April					437		

INFLATION—Indices of earnings (Jan 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1981							
1st qtr.	195.3	213.8	212.3	280.4	268.7	261.56	101.4
2nd qtr.	202.2	225.8	219.4	294.0	277.0	245.07	97.8
3rd qtr.	209.9	235.9	224.1	299.1	278.8	260.83	90.6
4th qtr.	214.6	237.3	229.2	306.5	285.6	248.97	89.7
Oct	212.5	238.2	227.8	303.7	282.7	259.12	88.2
Nov	214.3	236.9	229.4	306.9	285.5	245.79	90.1
Dec	217.1	236.8	230.4	308.8	288.5	248.97	90.8
1982							
1st qtr.	216.9	238.0	234.4	311.6	297.7	242.40	91.1
Jan	214.1	238.9	232.9	310.6	296.1	252.94	91.1
Feb	217.0	239.9	234.6	310.7	297.2	241.77	91.5
March	219.5	235.2	235.6	313.4	299.8	242.40	90.8
April		238.4	237.2			246.84	90.0

* Not seasonally adjusted.

Minerals magnetise CSR

BY MICHAEL THOMPSON-NOEL IN SYDNEY

CSR IS in many ways the very model of a modern Australian company — large, aggressive, forthright, with its eyes fixed squarely on the country's minerals and energy resources.

Recently, CSR completed a US$950m refinancing package to cover the US$600m purchase of Delhi International Oil Corporation, the U.S.-based oil group with most of its interests in Australia, and development of Delhi's share of the Cooper Basin liquids scheme in Queensland and South Australia. Late last year it made an A$135m (US$150m) rights issue to back its expansion plans.

The Cooper Basin is Australia's most important on-shore oil and gas property. It supplies Sydney and Adelaide with gas, and it has proven and probable reserves of more than 3,700bn cu ft of gas, and more than 300m barrels of oil and gas liquids.

In addition, CSR is involved in coal, iron ore, sugar, building materials, civil engineering and construction aluminium chemicals, tin, copper, gold and uranium.

It began life in Sydney in 1855 as the Colonial Sugar Refining Company, and until the late 1960s remained basically a sugar company.

Indeed, in the year to March 31 1981, its sugar division—enjoying boom conditions—contributed A$58.3m of its net profits, or 52 per cent, of the total A$112.1m (US$119.5m), against the A$22.1m, or 19.7 per cent, put in by building materials, A$15.5m by energy, A$10.1m of aluminium and chemicals, and the A$6.1m of minerals.

In the current year, profits from sugar will be dramatically lower, because of the collapse of world sugar prices and higher production costs.

CSR's annual profit figures are expected to be announced somewhat later this year than previously, in early July as against early June, reflecting the pace of change.

Earlier this year, however, Potter Partners, the Australian sharebroker, said it expected a fall in net profit for CSR in 1981-82 from A$112.1m to around A$84m. Lately, its estimate has fallen slightly, to "maybe A$78m to A$80m" because of further turmoil in the sugar market, on top of lower minerals earnings, and depressed conditions in alumina.

But higher profits are expected by the sharebrokers in building materials, and in energy, where a more-than-doubled contribution from coal is foreseen from the A$6.4m of 1980-81, more than offsetting a fall in profit from the oil and gas and contract drilling sector as a higher exploration write-off is charged against profit.

For the six months to September 30 last year, the group's profit was A$42.5m, a 30 per cent decline on the first half of 1980-81.

The main reason for the decline was the sharp fall in profits from sugar milling, the average free world market price for sugar last October being £228 a tonne lower than in October 1980 at £160.

Other CSR activities showing lower profits in the first half of 1981-82 included pastoral properties—CSR operates 25 cattle, sheep and grain properties, totalling about 4m hectares—distilleries, industrial chemicals, the Gove bauxite and alumina project, and the MT Gunson copper mine.

On the other hand, higher interim profits were achieved in coal, and in most of the producing groups of the building materials division, while larger dividends were received from its tin mining interests in Indonesia.

The key to CSR's philosophy and energetic growth is its determination to secure, and then consolidate strategic positions in natural resource sectors with better-than-average growth prospects.

Hence arises its purchase, for A$520m (U.S.$600m) of Delhi six months ago, an acquisition giving CSR a substantial presence in oil and gas, and one that has been hailed as a significant achievement in project financing.

The Delhi loan package, arranged with a consortium of Australian and overseas banks, is easily the biggest such borrowing made by an Australian company. It covers the cost of acquisition: accrued interest over a three-year period, prior to generation of cash flow from the liquids project, and Delhi's share of exploration and development expenditure.

The total capital cost of the project is A$1bn, of which Delhi's share is approximately 20 per cent.

Delhi's resource base covers approximately 24m net acres in the Permian, Cooper and Pedirka basins, and in the overlying Jurassic Eromanga basin.

The minerals and energy resources of Australia have attracted CSR into laying out more than U.S.$1bn in the past three years on the acquisition of two companies alone—Thiess Holdings, the coal miner, and Delhi International, the U.S.-based concern with a stake in oil and gas in Australia's Cooper Basin. The range of the company's diversification has taken in base metals, gold and uranium, aluminium, the Julia Creek oil shale field, as well as coal liquefaction, which has been studied in conjunction with Mitsui of Japan. Nevertheless, fluctuations in the sugar market maintain a commanding influence on profits

De Golyer and MacNaughton, the engineering consultants of Dallas, Texas, estimated Delhi's share of proven and probable Cooper Basin reserves at May 1981, at 763bn cu ft of gas, and 57m barrels of liquids (including 27m barrels of ethane).

It has been said, therefore, that CSR paid a significant premium for Delhi's future potential reserves, which De Golyer and MacNaughton estimated at 773bn cu ft of gas, a doubling of current reserves, and 158m barrels of liquids, approximately 2.8 times current reserves.

"Significant" premium or not, a CSR director says, the rapid rate of discoveries in the Cooper Basin has "exceeded our wildest dreams," and CSR was delighted with its purchase.

Shipments of liquids from the Cooper Basin is expected to start early next year, although profits will not be significant before the mid-1980s. In the second half of the decade, it is thought, they will mount steeply.

A project currently on the back burner is CSR's Julia Creek oil shale prospect, west of Townsville in North Queensland. The full-scale project would cost more than A$5bn at current prices, but development is unlikely before the 1990s, if then. The company said this week: "Julia Creek has a lower priority than it did, because of changed market conditions and the prominence being given to Delhi."

Delhi and Julia Creek apart, CSR is developing in ways which include:—

● Coal: It bought Thiess Holdings for A$460m (US$490m) in 1979, and now has a major stake in the industry, although shipping and industrial problems, as well as the recent increase in the total Government take, have countered some of the benefits of higher prices;

● Aluminium and chemicals: The world aluminium trade is depressed at present. This division, nevertheless, contributed A$10.1m in profit in 1980-81, and CSR said recently that work on the A$600m Tomago aluminium smelter, in the Hunter Valley in New South Wales, was progressing on schedule. CSR's interest in Tomago is held through its 51 per cent stake in Gove Alumina, which will supply 35 per cent of the smelter's alumina needs, and market 35 per cent of the metal produced.

● Metals: CSR owns 68 per cent of Pilbara Iron, and 100 per cent of the Mt Gunson copper mine in South Australia. Recently it bought the Paringa gold leases on the Golden Mile, at Kalgoorlie, Western Australia, and is exploring the Mt Pleasant molybdenum/tungsten prospect near Mudgee, New South Wales. In tin, dividends of A$5.3m were received in 1980-81 from Kajuara Mining of Indonesia. In the past, CSR has kept a very low profile on uranium, though it has interests in small deposits in South Australia, Queensland and Western Australia, and may well extend its holdings;

● Building materials: A strong profits performance has been seen in this area, with interests that include wallboards, flooring, roof tiles, insulation, concrete and quarrying. At present, Australian mortgage rates are high, but office space is in short supply, and there are many hotel and leisure projects planned;

Mr R. G. Jackson, chief executive officer of CSR since 1972, who has worked in a decade in which the 127-year-old Colonial Sugar Refining has taken up new challenges

● Sugar: The Australian sugar industry is one of the most efficient in the world. CSR, which is the country's largest sugar miller, also runs marketing, technical, finance and bulk-handling services;

● Pastoral business: The company's cattle, sheep and grain properties are hostage to drought and fluctuating commodity prices, but are said to represent net assets of A$40m to A$50m. On the side, it accounts for about a third of the world's output of macadamia nuts, producing about 1,000 tonnes in Queensland, and 4,000 to 5,000 tonnes in Haiwai. "The macadamia," says CSR with quiet pride "is the world's premier nut."

In future, limited recourse financing will continue to be important to CSR in arranging development of large resource projects, though smaller commitments will be funded by a combination of debt, equity and cash flow.

Over the four years to last March 31, CSR's net profits growth was approximately 22 per cent per annum compound.

In Sydney, CSR is reckoned to have strong medium- to long-term appeal because of its strategic position in several resource and resource-related sectors. Moreover, it is seeking to combine greater diversity and stability of earnings with the important speculative edge that comes through strong exposure in oil and gas. Its prospects reflect those of the Australian economy as a whole.

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APPOINTMENTS

Post Office senior posts

The POST OFFICE has made four senior appointments. Mr Keith Webb has been appointed director of London operations from June 7. For the past 18 months he has been director of south eastern postal region. The new director for the south east is to be Mr Cedric Briscoe, who is director of postal finance at postal headquarters in London. Mr Jerry Baxter has been appointed secretary to the corporation on a short term contract. Mr Baxter, a former director of postal personnel, has spent the past nine years as director, personnel department, at the European Commission. Mr John Roberts, who has had a dual role as both secretary to the corporation and director counter services, will now work full time on counter services.

★

Mr Michael L. Roberts has been appointed commercial director of THERMALITE. He retains his responsibilities as company secretary and his directorships of Laingfreight and T. Hunt and Sons.

★

Mr Chris Newton-Smith has been appointed general sales manager for T. C. THOMPSON AND SON, Manchester. He was national sales manager at A. B. Dick.

★

CHARTERED TRUST, a member of Standard Chartered Bank Group, has appointed Mr R. T. Sharpe as general manager, marketing.

★

The BRITISH AGROCHEMICALS ASSOCIATION has appointed Dr Derek Cornthwaite, marketing director, ICI Plant Protection Division, as chairman for 1982-83. New deputy chairman is Mr David Anslow, general manager, agricultural division, Shell Chemicals UK. Mr G. L. Angell, chairman for 1981-82, will become immediate past chairman. Dr A. Hayes will continue for 1982-83 as BAA's representative to the general assembly of the international federation of national associations of pesticide manufacturers, based in Brussels.

★

Mr Jim Pyner, previously managing director of Cleaners (Southern Division), has been appointed managing director of CLEANERS, a wholly-owned subsidiary of Pritchard services group.

★

Mr Edward J. Wynne has been appointed director, manufacturing development, of THORN EMI GENERAL ENGINEERING, and will be responsible for standards of production facilities and methods throughout the UK and overseas companies. He was director of manufacturing at Round Oak Steel. Mr David Cropper has been appointed director, export development, at Thorn EMI General Engineering. He was marketing director at TI Raleigh.

★

Mr Richard Miles has been appointed a director of MONO PUMPS and will become executive chairman of the Mono Group on June 1. He will continue as executive chairman of Saunders Valve Co. Both organisations are wholly-owned subsidiaries of Gallaher.

Mr Victor W. Hughff has been appointed deputy chief general manager of the NORWICH UNION INSURANCE GROUP from July 1. He will continue as general manager and actuary. Mr Hughff has been a director of the principal companies of the Norwich Union Group since January last year.

★

Because of ill health Mr Walter E. Burns has retired as joint managing director of ALEXANDERS HOLDINGS.

★

Mr R. J. Davies has been appointed vice-president and general manager (UK and Ireland) of AMERICAN EXPRESS INTERNATIONAL BANKING CORPN He joined AEIBC in 1966 and has served as vice-president and general manager in India, Pakistan, and Greece, and was managing director and general manager of American Express Bank Spa, Italy.

★

Mr John Pybus has been appointed as a director of B. & P. INSTRUMENTATION, a subsidiary of the Ocean Venture Group.

★

The SOCIETY OF COMPANY AND COMMERCIAL ACCOUNTANTS has elected Mr John Mather, as chairman of council (president) and Mr F. J. Bergin as vice-chairman (vice-president).

★

Mr Christopher Pertwee, chief executive of the Pertwee Group, is the new president of UKASTA (the United Kingdom Agricultural Supply Trade Association). BOCM's managing director, Mr Allan Price, is the new deputy president.

★

Mr John E. Kates has been appointed divisional director responsible for Middle East business development for JOHN BROWN ENGINEERS & CONSTRUCTORS. He joins John Brown after six years with Procon, latterly as marketing director.

★

SEABOARD INTERNATIONAL (TIMBER & PLYWOOD) has appointed Mr E. R. Annan as managing director. He was director of sheet materials.

★

Sir Philip de Zulueta has been appointed a director of IMPERIAL CONTINENTAL GAS ASSOCIATION. He is special adviser to the board of the Hongkong Bank Group and is also a director of a number of companies including Banque Belge, Tanks Consolidated Investments and Union Minière S.A.

★

Mr Peter Smale has been appointed marketing and sales director for GRANDMET CATERING SERVICES, from June 1. For the past two years he has been marketing director of Wimpy International.

★

Mr Geoffrey Clarkson has been appointed company secretary of LONDON AND MANCHESTER GROUP and London and Manchester Assurance Co., from June 1. Mr F. Collin and Mr T. W. Thorn will retain their present appointment as joint secretaries.

★

Mr Desmond James has been appointed a director of GRANADA GROUP. He has been group secretary since 1967. He is also a director of L'Etoile and Eurobel, Granada's insurance companies in Belgium, and of Telerent, Granada's overseas TV rental business.

★

Mr J. M. Kretschner has retired from the board of RUSH & TOMPKINS GROUP. He was chairman of Reed & Mallik since 1975 and has been a non-executive director of Rush & Tompkins Group for the last 12 months.

£12m order for Philippines cigarette plant

AMF LEGG, Andover, UK division of AMF International, has won a £12m contract from the Philippines for the supply of equipment and technical services for two complete cigarette factory process plants. The order means more than 50 new jobs at Andover. The factories are to be constructed on a development site owned by the Fortune Tobacco Corporation at Metro Manila. AMF Legg will supply process machinery for the control systems together with mechnical handling, support equipment and service utilities. The contract is believed to be the largest cigarette factory project in South East Asia since the war. It is planned to start production in 1983.

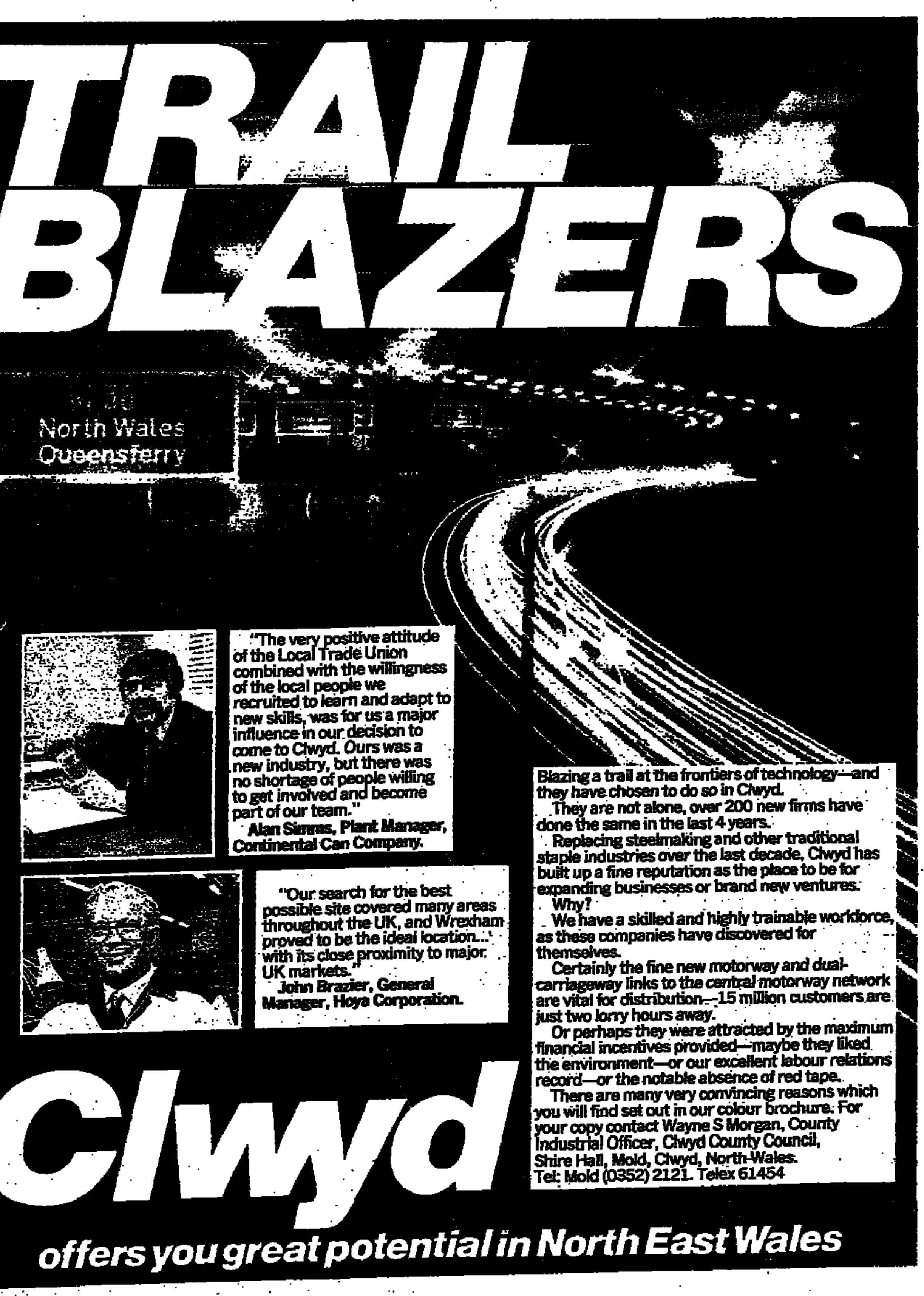
★

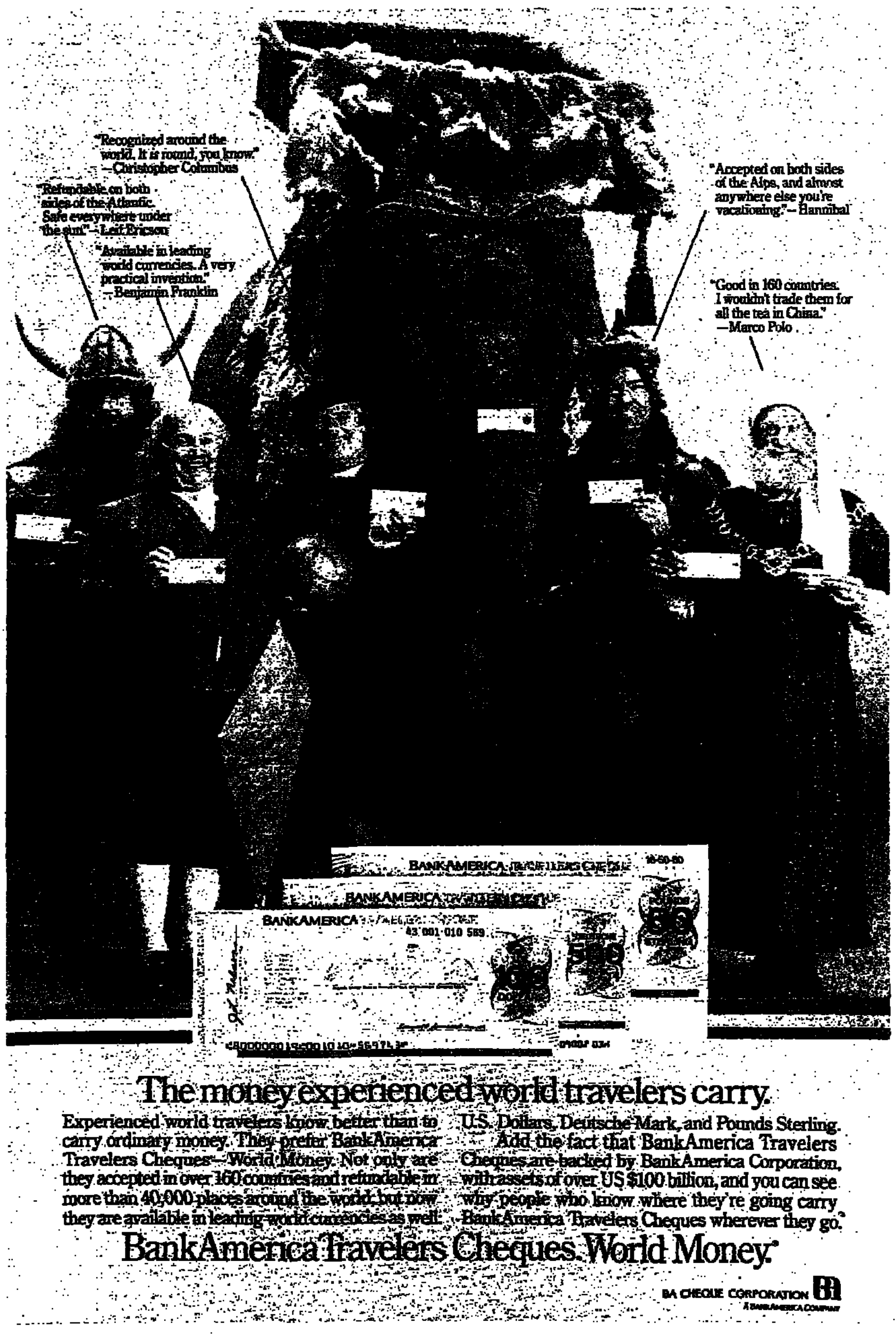
DANIEL INDUSTRIES has orders for the gas, condensate and utilities metering systems for the British Gas terminal at Barrow in Furness. The contracts are worth about £1m.

★

KENT PROCESS CONTROL, part of Brown Boveri Kent, has won an order worth more than £2m to instrument a petrochemical plant being built by Davy McKee at Nishnekamsk, in the Tartar Republic of the USSR. The largest part of the order covers a 27-metre panel for the plant main control room. Equipped with over 500 Kent electronic instruments, controllers, indicators, recorders and ratio stations, it will also incorporate an active semigraphic display for rapid operator access to plant status. As well as this central control facility, the company is also to supply three local control centres. This £50m linear alpha olefins plant is using the process developed by the Ethyl Corp. of Louisiana. When completed, the plant will produce some 750m MTY of alpha olefins, a year, to be used in the plastics industries for the production of detergents, and as special additives for lubricating oils.

Construction in progress at the Edmonton, North London, factory of Cryoplants on an air separation column for a plant that will provide essential oxygen to a major U.S. synthetic fuels project. The 1,000-ton-a-day facility to be constructed by Airco Energy Company Inc., at a final cost of £18m, is for the cool water coal gasification programme at Daggett, California. The value of the contract to Cryoplants is £2m. Both Cryoplants and Airco Energy are members of The BOC Group.





Accountancy Appointments

CHANNEL FOUR, the new national television station based in the West End, needs the following personnel for its Finance Department:

FINANCIAL ACCOUNTANT

Reporting directly to the Financial Controller, the Financial Accountant will be responsible for the day to day supervision of the Financial Accounts Department. This will include responsibility for the compilation of accurate information for input into the computerised accounting system, overall control of payroll and all invoice payments, and all treasury activities. These responsibilities will involve close liaison with other departments within the organisation.

The ideal candidate will be a qualified Chartered Accountant aged between 28 and 38 with a good knowledge of computer-based systems and with some relevant post-professional experience.

Salary and conditions of service will reflect the seniority of the post. **Ref. DS/1**

PROGRAMME ACCOUNTANTS

Programme Accountants will need excellent communicative skills as a large part of their work will involve reviewing, discussing and monitoring budgets and actual expenditures with independent producers and film makers. They will act as the link between the Finance Department, the Acquisition Department and the Producers of a number of different productions.

A considerable amount of their time will be spent on location.

Ideally, applicants should be qualified Accountants aged between 25-35 with some television or film experience.

Salary and conditions of service are in line with those paid within the television industry.

Ref. DS/2

ASSISTANT PROGRAMME ACCOUNTANTS

The Assistant Programme Accountants will assist the Programme Accountants in reviewing, discussing and monitoring budgets and actual expenditures of large productions as well as being responsible for their own smaller productions. They will need to exhibit the same communicative skills as the Programme Accountants and will spend considerable time with independent producers, both in Channel Four's offices and on location.

Ideally, applicants should be qualified or part-qualified Accountants aged between 24 and 35 and film or television experience would be an advantage.

Salary and conditions of service are in line with those paid within the television industry.

Ref. DS/3

Please write to Frank McGettigan, Channel Four Television Company Ltd., 60 Charlotte Street, London W1P 2AX, quoting the relevant reference number on the envelope.

Applications should be submitted by 4th June 1982.

Channel Four is an equal opportunity employer: applications are welcome from candidates regardless of marital status, race, nationality, ethnic or national origins or sex and from registered disabled persons.

CHANNEL FOUR TELEVISION

Chartered Accountant

For a senior role in Financial Analysis. Greenford, Middlesex

Glaxo Pharmaceuticals *Limited is a principal UK operating Company of the Glaxo Group,* a leading international pharmaceutical group with a successful research record in many therapeutic areas.

Glaxo Pharmaceuticals is the leading ethical pharmaceutical Company in the UK, but at the same time, the majority of our manufacturing output is exported. In addition, the Company is responsible for the co-ordination of Glaxo ethical marketing worldwide.

The finance function at the Company's Head Office at Greenford, Middlesex provides a *complete range* of accounting services for the Company and for a number of other UK Glaxo Companies, including the Research Company. The activities of these various Companies cover numerous locations and provide employment for some 12,000 people in the UK.

We now seek an *outstanding professional who will become a senior member of our* Management Accounting team at Greenford and play a leading role in analysing and interpreting financial data for senior management. The work will involve all aspects of financial management, including the financial analysis of world-wide marketing strategies.

The successful candidate will be a graduate who has several years post-qualification experience, will be technically competent, professionally up-to-date, articulate and able to communicate at all levels, both verbally and in writing. He/she should have the potential to assume high responsibilities in time.

The immediate remuneration package will be attractive, including London Weighting, productivity and profit-related bonuses and a non-contributory pension scheme.

If you think you meet our requirements, please write to me, *Alan Winn*, Site Personnel Manager, Glaxo Pharmaceuticals Limited, Greenford Road, Greenford, Middlesex UB6 0HE.

Glaxo *Pharmaceuticals LIMITED*

INTERNATIONAL ECONOMIST City c.£17,000 + car

- Applications are invited for this important new appointment in a significant financial organisation. Economics graduates, male or female, with specialisation in international and monetary subjects, *ideally supported by an MBA, will be* appropriate. The preferred age is early thirties.
- *Responsibilities will involve commentary, research* and analysis of the medium term outlook for major currencies and interest rates, leading as well as establishment of risk ratings, exposure limits and lending strategies.
- To be effective quickly, experience gained in an international bank or corporation, a central bank or financial journalism is essential, and first hand knowledge of European, American and Far Eastern markets a major advantage. A *highly confident* communicating ability, backed by thorough knowledge of the subject matter, will be imperative to succeed with the senior financial people involved.
- This is a *growth situation in which a person of* appropriate knowledge and style will be able to make significant progress. To the salary as indicated will be added a subsidised mortgage, a car and other benefits appropriate to an up-to-date financial business.

Please send adequate particulars in confidence or telephone for an application form, quoting ref. IE, to S W J Adamson FCA, Director, Grosvenor Stewart Limited, *Hamilton House, 15 Tilehouse Street, Hitchin, Hertfordshire. Telephone 0462 55303.*

GROSVENOR STEWART
Executive Search and Selection
London Brussels Frankfurt

The Institute of Chartered Accountants in England and Wales requires a...

Secretary (Finance)

London/Milton Keynes **£20,000 – £25,000**

The Secretary (Finance) is in effect the Financial Controller of the Institute and works in close conjunction with a member of the council, who acts as Treasurer and plays an active part-time role in financial policy and control.

The work involves the day-to-day control of an accounts department of 20 people currently located in Goswell Road, EC1, but will move to Milton Keynes in 1984.

Applications are invited from qualified accountants with relevant experience which should ideally include managing the introductions of computer systems.

It is unlikely that anyone under the age of 45 will have had the necessary experience.

The Institute has an attractive pension scheme and free medical insurance.

Please write enclosing your curriculum vitae to:

M. Hoyle,
The Institute of Chartered Accountants in England and Wales,
P.O. Box 433,
Chartered Accountants' Hall,
Moorgate Place, London, EC2P 2BJ.

Corporate finance

City, to £15,000 + benefits

C&L

A major City based UK multinational insurance company seeks a qualified accountant, with corporate finance experience, to work in a specialist department which handles corporate finance, treasury matters and financial policy for the group. The job offers the opportunity for an ambitious candidate to make a substantial contribution to the financial strategies and management *of the company. Candidates will be expected to show a record of innovative* achievement and an ability to work independently.

Starting salary will be up to £15,000 plus substantial fringe benefits, including low rate mortgage *facilities* and a *first class pension scheme.*

Résumés, which will be acknowledged and forwarded to our client unless a covering letter gives contrary instructions, to E J Robins, Executive Selection Division, Ref. R089.

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Coopers & Lybrand Associates Limited
management consultants

Shelley House Noble Street
London EC2V 7DQ

Management Audit

Hoechst UK is part of a major international group which is involved world-wide in the manufacture and supply of a wide range of industrial and consumer products.

As a result of the appointment of our previous Internal Auditor to a senior management position in one of our subsidiaries, we are now seeking a replacement. The Internal Auditor is a senior position which reports directly to the Chairman of the Finance Division. The job involves carrying out management audit both within Hoechst UK and in a number of our UK subsidiaries.

Candidates should be Chartered Accountants with a minimum of 3-4 years post qualification experience in an international firm of accountants in industry or commerce.

We are offering a competitive *salary and benefits package,* as would be expected of a major international organisation.

If you are interested, please write or telephone for an application *form to:- Mrs C. J. Browne, Personnel Officer, Hoechst UK Limited,* Salisbury Road, Hounslow, Middlesex, TW4 6JH.
Tel: 01-570 7712. Extn 3090.

Hoechst

Perrier

FINANCIAL CONTROLLER

West End c £12,500 + car

Aqualac (Spring Waters) Limited is the small dynamic and rapidly growing subsidiary of Source Perrier, marketing their well-known range of drinks throughout the UK.

They now seek a financial controller who will be responsible to the managing director for running the accounting function and for providing positive financial guidance to management, with a strong emphasis on management information, budgetary control and the treasury function. Responsibilities will also include the secretarial, legal and administrative areas, plus systems development.

Candidates, ideally in their 30's, should be qualified, appropriately experienced and keen to make a positive contribution to this marketing based business. The salary is negotiable around £12,500 p.a., plus car, pension arrangement and PPP.

Applicants should write in confidence with full details of previous experience and current salary, quoting reference S1782 to J.W. Hills at:

Annan Impey Morrish,
Management Consultants,
40/43 Chancery Lane,
London WC2A 1JJ.

A.I.M.

SENIOR SYSTEMS ACCOUNTANT

Development and Implementation
c. £15,000 + car

SAINSBURY'S have achieved record growth and profitability in recent years and an important integral part of such growth and development are its computer control systems.

They are now seeking a qualified accountant with considerable experience of such systems to be a senior member of the team working on the development and implementation of a computer based accountancy system.

In such a role the skill and ability to ensure an active and interested co-operation from all levels of management is essential; as is the technical ability and business awareness to initiate these developments.

The position is based in South London and offers a competitive benefits package, including a Company car and profit share after qualifying service.

Interested applicants should submit full career details, quoting ref. 827, to **Nigel Hopkins** F.C. A., at *31 Southampton Row, London WC1B 5HY.*
Telephone **01-405 0442.**

MP

Michael Page Partnership
Recruitment Consultants
London Birmingham Manchester

FINANCIAL CONTROLLER

LONDON TO £18,000 + CAR

The Peabody Trust, a leading charitable housing association which has some 12,000 properties, seeks a financial executive of proven ability to play a key role in its management team.

Reporting to the Director, the Financial Controller will manage eleven staff, including a qualified Chartered Accountant. Responsibilities will include advice to the governors on financial policy and will cover all aspects of accountancy and finance with an emphasis on the *development of budgetary control, forecasting and management information.*

Applicants should be qualified accountants with experience of computerised systems. A background in a housing association or local authority would be an advantage.

Please send a comprehensive career résumé, including salary history and day-time telephone number, quoting ref: 2053, to G. J. Perkins.

Touche Ross & Co, Management Consultants
Hill House, 1 Little New Street, London EC4A 3TR. Tel: 01-353 8011.
A member of the Management Consultants Association.

Management Auditor

London & Overseas c £11,500 + expenses

International Planned Parenthood Federation is a federation of voluntary planning associations carrying out family planning programmes in about one hundred different countries, working in close collaboration with a *number of other international agencies.*

In order to function at optimum effectiveness, the IPPF now wishes to appoint two Management Auditors, on a roving commission, to conduct financial audits; provide management information and advice for improving existing programmes; minimise potential waste – in terms of systems, supplies and manpower – and to assess future needs.

You will have a background in accounting/O & M/ management techniques, probably be 30-50 with fluency in either Spanish or French and a pronounced social conscience. It is envisaged that you will spend around 20% of your time abroad.

In the first instance, please contact John Steeds,
Overseas Recruitment Services Ltd
37 Golden Square, London W1R 4AL
or telephone 01-439 9481 (24-hour Ansafone)

ORS Limited

Accountancy Appointments

JOBS COLUMN

For 'Pickup', read 'letdown' • New Liffe • Pay

BY MICHAEL DIXON

"REALLY—a *major* statement of new policy?" the Jobs Column replied to the telephone call from the Education Department the other day. "I'll be there to hear it."

What made the occasion particularly important was that the subject of the policy was the improvement of training programmes in universities, polytechnics and colleges to bring the skills of workers from management to the shopfloor into line with the needs of the 1980s.

So I duly turned up at the London conference of the British Association for Commercial and Industrial Education where the new plan for training was to be revealed. And minutes later William Shelton, Parliamentary Under Secretary at the Education Department, stood up on the platform to do the revealing.

His first bombshell was that the bureaucracy has already devised a smart new acronym for use when referring to the training of people in employment. It is Pickup, standing for professional, industrial and *commercial updating*. Neat, isn't it?

What is more, up to £2m a year is to be diverted from other kinds of educational activity specifically to promote improved training. The sum represents no less than 0.016 per cent of the £12bn-plus education budget, and compares with about £11m spent annually on courses for older people on topics less, and usually not at all, related to productive work.

Of the £2m, half will be covered by the transfer of spending by the Open University from academic programmes to others with a practical bearing. The rest will be spent piecemeal. *Some will go on experiments* with new teaching methods and curricula. There's to be yet another series of regional workshops, this time in the hope that the minority of educators active in training people in jobs will be able to persuade the majority to do likewise. Some regional development agents will be appointed to see whether they can improve links between educational institutions and employers.

That may not seem much by way of promised action to emerge from a Ministerial speech lasting some 40 minutes. But it is pretty well all there was. The rest was taken up by other things.

There was a pious reaffirmation of the Education Department's commitment to training activity (which may or may not deter the Manpower Services Commission from further encroachment on educational territory). There were also cobwebbed restatements of long festering problems, and facile appeals for full co-operation by all the rag-tag-and-bobtail of bodies among which responsibility for the nation's work-skills is diffused.

Mr Shelton cannot be blamed. He was just standing in at the conference for the Education Secretary, Sir Keith Joseph. He had been diverted to a Cabinet Meeting where we can only hope he had something more useful to contribute.

Besides, the content of the *speech had probably been* largely dictated by the Education Deparment's officials who seem to divide their time between sheltering behind their lack of legal powers to arrest the decline of the education service, and steadfastly refusing to acquire any.

One begins to wonder whether a bureaucracy like that is really necessary.

Pit worker

LIFFE will not be a bowl of cherries but a hive of activity for the recruit wanted by the Credit Suisse First Boston Investment Bank in the City of London. For Liffe, alias the London International Financial Futures Exchange due to open in the autumn, is where the newcomer will work as the bank's floor trader.

The new market in the old Royal Exchange will be Britain's first venue for trading in future sales or purchases of financial instruments such as gilt-edged stock. But markets for this means of hedging against or speculating on changes in rates of interest or currency exchange, and at low initial cost, already thrive in the U.S. and elsewhere.

A prime need is ability to listen to what several other people are saying — or rather shouting — while talking oneself, because the trading will be done by what is called open outcry in the new exchange's *various "pits."*

At first the newcomer will wallow in only two of them — those concerned with Eurodollar three-month time deposits and with sterling long-*gilt contracts based on a 20*-year Government stock.

Steven Licht, the bank's managing director, says head office will provide a continual commentary on what is happening *in the "real markets."* And the floor trader will work closely with the bank's gilts dealer David Blumm.

"But if the floor trader is any good, the buck will usually stop there. The job needs somebody who knows the numbers business, who's willing to stand up and make a price, but has the sense and maturity to get out fast if it's wrong.

"Obviously there'd be an advantage for somebody who has worked the financial futures markets overseas. But we could train up a good dealer from the commodity markets or a stock jobber. After all, while the new market will have about 350 seats there won't be many experienced people in them at the start, and I daresay the turnover will be slow to get going.

For a top trader already experienced in financial futures, the value of salary, bonus on the bank's results and perks could be £50,000. The equivalent for someone requiring conversion would be £30,000-plus.

Inquiries to Credit Suisse First Boston's personnel manager, Tom Kerrigan, at 22 Bishopsgate, London EC2N 4BQ; telephone 01-283 4200, telex 892131.

Bank salaries

BEFORE we leave the City, workers in merchant banks may like to know that they still in the main receive higher salaries than do their counterparts in the branches of international banks. The news comes from Lloyd Incomes Research's latest survey covering 110 banks, 36 merchant and 74 international, and which in the full version costs £100. (Inquiries to Carole Fulton, 11 John Princes Street, London W1M 9HB; Tel: 01-409 2141, telex 289550 John PG.)

The merchant fraternity's median salaries are the higher in 24 of the 38 posts common to both kinds of bank and whose various rewards are detailed in *the survey. Among the 13 jobs* with median salaries over £13,000, the positions are:

Merchant higher — London-branch/general manager £27,720 (international £26,400), money manager £24,700 (£24,600), foreign-exchange chief dealer £21,120 (£20,700), operations manager £18,400 (£15,974), credit manager £17,955 (£15,000), data-processing manager £15,849 (£15,570), accountant £13,860 (£13,330), and loans officer £13,530 (£13,302).

International higher-investments manager £19,800 (merchant £12,540), personnel manager £17,600 (£16,500), corporate finance executive £15,800 (£11,800), sterling dealer £14,002 (£13,270), and auditor £13,720 (£13,479).

High tech.

A QUALIFIED accountant who has managed the finances of a £50m-plus manufacturing business, the more advanced the better, is wanted by Christopher West of Courtney Stewart International for a high-technology group whose 25 companies here and abroad have sales approaching £200m.

The new finance director will be based in Kent, report to the managing director, and be supported by a management and a financial accountant. Salary around £25,000; perks include car.

Inquiries to Mr West—who *promises confidential treatment* on request—at 11 Maddox Street, London W1R 9LE; tel. 01-491 4014, telex CSI 268312.

هكذا من الأصل

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Commercial Lending Officer

c.£12,500+attractive benefits

Ormskirk, Lancs.

TSB North West is seeking to recruit a CLEARING BANKER who has sound experience of commercial lending and small business finance. The challenge will be to develop the commercial aspect of branch banking and to work closely with senior management within the Regional administration.

Applicants, aged over 30 and fully qualified, should be conversant with the needs of small businesses as well as limited liability companies and have a proven aptitude for assessing lending propositions. A flair for communication and organisation is also essential.

In addition to the commencing salary which increases on an incremental scale, significant benefits include house mortgage subsidy, first class pension scheme, 30 days holiday and free medical insurance. Relocation assistance in suitable cases.

Please write with full C.V. to: **Mr. G. Skilling, TSB North West, TSB House, 24 Mount Street, Manchester M60 2EB.**

EXECUTIVE

Required dynamic and competent executive for employment in expanding and exporting group of companies located in London and Switzerland for promotion export trade. The candidate shall travel to Middle East, South America and Africa. English language and experience of international trade essential. Other languages or other experiences are an advantage. Good salary and some bonus negotiable.

Please write full details of background to advertiser P.O. Box 112 W2, London, W2, England. All information will be treated confidentially.

INVESTMENT BANKING CORPORATE FINANCE

Orion Royal Bank is the independent international investment banking arm of The Royal Bank of Canada Group in the City of London and has a limited number of vacancies for:

Senior Managerial (28-31 years old)

Candidates who have gained 3-4 years' experience in United Kingdom Corporate Finance who wish to become more involved in international business.

Junior Managerial (24-27 years old)

People with post-graduate training and recent qualifications in accounting, law or business administration, or who have completed a formal training in credit analysis on the American system and wish to capitalise on their training by becoming international investment bankers.

Selected candidates will receive training appropriate to previous experience and will demonstrate the confidence, strength of character and ambition to attain senior management positions in their early thirties.

A first-class remuneration package including non-contributory pension, preferential mortgage, health insurance, etc. is provided.

Applications, which will be treated in confidence, should be addressed to:

The Personnel Director
Orion Royal Bank Limited,
1 London Wall, London EC2Y 5JX

ORION ROYAL BANK LIMITED
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FOREX

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Our Client is the London branch of a successful and expanding U.S. bank with a developing presence in the U.K. and Europe.

The current requirement is for a versatile lending banker to assist in the development of the bank's diversified loan portfolio, which includes direct and syndicated lending and some involvement in the capital markets.

Candidates, preferably in their late 20's or early 30's with a degree and/or a professional qualification, should possess a formal credit training and a subsequent record of successful business generation. Drive and imagination are regarded as essential ingredients for success, as is the willingness to travel throughout the U.K. and Western Europe.

This represents a challenging and attractive opportunity for personal development with an organisation which recognises flair and performance.

Contact Norman Philpot in confidence on 01-248 3812

NPA Recruitment Services Ltd
60 Cheapside London EC2 Telephone 01-248 3812 3 4 5

Strategic Planning
International Banking

Bank of America, one of the world's largest international banks, is seeking a Planning Officer for the London headquarters of its Europe, Middle East and Africa Division.

Reporting to the Head of Strategic Planning, the successful candidate will be involved in the development and review of the Division's long range strategic and operating plans, and will assist in the preparation and implementation of market-oriented projects.

Applicants must have a degree, MBA or accountancy qualification, plus 2-3 years' business experience in corporate planning or financial analysis, preferably gained in a multi-national organisation. Numeracy and the ability to work under pressure are essential requirements.

Career prospects are excellent, and a competitive salary will be augmented by benefits which include low-interest mortgage, non-contributory pension and free BUPA.

Write with full personal, career and salary details to: A. J. Tucker, Recruitment Officer, Bank of America NT & SA, 25 Cannon Street, London, EC4P 4HN.

BANK OF AMERICA

Investment Management

An established and successful company, in recent years we have expanded our conventional life assurance business to embrace a range of investment-linked and pensions contracts.

In order to maintain our record of first-class investment performance and achieve future plans, we now wish to recruit a further high-calibre fund manager. The man or woman appointed will initially run the overseas portfolio; success will lead to a broader and more senior management appointment within the Group.

Candidates must have a broad investment background, with considerable experience in UK and overseas equity and fixed interest funds; a special interest in Japanese and US securities will be helpful. A degree and/or professional qualification is essential and it is unlikely that anyone under 35 will have the ability and personal standing required.

The substantial remuneration package includes a company car, concessionary mortgage facility, pension scheme and private health insurance. Based at our Group Chief Office near Exeter, generous relocation expenses will be available.

Please send a comprehensive C.V. in strictest confidence to H T Gifford, Deputy General Manager, Personnel Services, London and Manchester Assurance Company Limited, Winslade Park, Exeter EX5 1DS, or for an initial confidential discussion, telephone Ian Henderson, General Manager (Investments), on Exeter (0392) 52155 on Friday 21 May 1982.

London and Manchester Assurance

LLOYD'S INSURANCE BROKERS

An opportunity may shortly present itself for one or two executives or potential executives possessing expertise and a portfolio of their own in the direct and reinsurance fields, to join the board of an old established medium size firm of Lloyd's Brokers. Share of the equity might be available. Applications will be treated in the strictest confidence

Write Box A7864, Financial Times 10, Cannon Street, EC4P 4BY.

GOLD BULLION DEALER

Our client, a leading Merchant Bank, wishes to recruit a senior gold bullion dealer. The successful candidate will probably be between 27/32 years of age and have had substantial dealing experience over several years in the bullion market.

The position is a challenging one with the opportunity to play a vital part in the expansion of a long established business.

The salary and fringe benefits will fully reflect the importance of this appointment.

Please write in confidence enclosing a detailed curriculum vitae to Peter S. Latham.

Jonathan Wren & Co.
Banking Recruitment Consultants,
170 Bishopsgate, London EC2M 4LX
Telephone: 01-623 1266

Company Secretary

London West End Around £15,000

for the parent company of a group of companies with an aggregate turnover in excess of £65m. engaged in the merchanting, fabrication, processing, fixing, manufacture and distribution of flat glass products throughout the UK. The Company Secretary is part of a small head office team, and apart from the normal secretarial duties and responsibilities, will assist the Managing Director and executives to administer and control the activities of a large number of operating units, and advise their management on legal, secretarial and personnel matters.

Candidates, preferably aged between 30 and 45, must be Chartered Secretaries with about 5 years' similar experience, and now be seeking greater responsibility.

Attractive fringe benefits include car, season ticket loans, relocation expenses and free lunches.

Please write to Ken Orrell, ref. B.19211, MSL Chartered Secretary, Management Selection Limited, 52 Grosvenor Gardens, London SW1W 0AW.

This appointment is open to men and women.

MSL CHARTERED SECRETARY

Personal Financial Planning Manager

London Up to £20,000 pa + Car & Benefits

A leading company in this field seeks a dynamic manager to run and develop the Division of its established business on professional lines. Currently operating from four U.K. locations, the business offers considerable scope for expansion.

Proven successful all-round business experience, integrity and detailed knowledge of Personal Financial Planning is essential, together with ability to negotiate at the highest level and to recruit, retain and motivate staff. Sales ability is necessary but the company, which is part of a major merchant banking group, is not one for which highly geared selling techniques are appropriate.

The successful applicant (male or female) is unlikely to be currently earning a salary of less than £15,000 p.a. The Manager will report to the Managing Director and the position will carry a first-class remuneration package, with a commencing salary, subject to negotiation, of up to £20,000 p.a.

Please write giving full personal and career details quoting reference 1779 on your envelope (and stating separately the name of any company to which you do not wish your name to be sent) in strictest confidence to the address below.

Charles Barker
RECRUITMENT ADVERTISING SERVICES
30 Farringdon Street, London EC4A 4EA. 01-236 3011

MONEY MARKET/FUND INVESTMENT

This position in an overseas bank in the process of opening in London requires a senior banker or broker established in managing funds for large corporate and personal accounts.

BRANCH MANAGER

A City based bank are seeking a manager for their prestigious West End branch. Sound banking and accounting experience plus a flair for customer business is essential.

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This responsible situation in the Realised Accounts Department of a leading Metal Broker requires a variety of skills with particular stress on controlling cash movements and experienced in either Commodities or Foreign Exchange, dealing in large sums in the money market, plus the ability to oversee staff.

CREDIT MANAGERS ASSISTANT

An excellent opportunity in an American bank to join a team of highly professional entrepreneurs. Sound background knowledge of the Euro-currency credit market based on experience in loans or credit is essential. A graduate would be well received.

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Talk to Sheila Jones

OLD BROAD STREET BUREAU LIMITED
STAFF CONSULTANTS
01-588 3991

Senior Consultants Financial Sector

SRI International (formerly the Stanford Research Institute) provides a leading role in the provision of strategic advice and operational assistance to financial institutions worldwide.

Such advice is often given in a team environment which involves specialists in EDP Strategy and security.

The Institute wishes to recruit two senior professionals to join the staff of its London office (serving Europe, the Middle East and Africa) to undertake strategic management and operational consulting, respectively, in this area.

STRATEGIC will interest candidates with a knowledge of the financial sector at a business oriented level, together with in-depth strategic level experience with a financial institution. Ref: 293/A.

OPERATIONAL will interest candidates with at least 7 years' experience in senior line management, and first-hand knowledge of computer techniques. Ref: 293/B.

Applicants for both positions need to have gained the highest level academic and professional qualifications, plus several years' experience with a leading consultancy organisation.

Please write, in confidence, quoting the appropriate reference and giving full details of personal and career history to:

W. J. Romanowski, Personnel Manager, SRI International, NLA Tower, 12-16 Addiscombe Road, Croydon CR0 0XT.

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AN INTERNATIONAL COMPANY MANUFACTURING STRUCTURAL WATERPROOFING MATERIALS REQUIRES:

EXECUTIVE DIRECTOR

The successful applicant, to be based in London, will be responsible for financial and administrative matters in the London and regional offices of the UK.

This office will also entail:

- The promotion and technical instruction on products (to be carried out jointly with the Technical Director) on an international level within the engineering and construction industry.
- Market research for the introduction of an established and proven waterproofing system, to the UK.

Salary will be in accordance with qualifications and experience. Benefits include a company car and pension.

Applicants, preferably with relevant international experience should apply in confidence, enclosing a full curriculum vitae, to:

Box A7862, Financial Times
10 Cannon Street, London EC4P 4BY

CORPORATE FINANCE

Age 25-35 years **Salary: Neg. £15-£25,000 + benefits**

Two vacancies exist for executives with broad experience covering:— investments, M & A, cash management, investigations etc.

Candidates must be well motivated and possess proven negotiating/marketing skills, gained either from within banking, or financial sectors.

Please contact Brian Gooch
Jonathan Wren Executive Recruitment
170 Bishopsgate, London EC2M 4LX
Tel: 01-623 1266

International Appointments

Career Opportunity in International Finance

The Challenge: The International Finance Corporation, the affiliate of The World Bank promoting the private sector in developing countries, is seeking experienced financial professionals to become Investment Officers in its Capital Markets Department.

The Task: The Capital Markets Department helps to develop financial markets in member developing countries through policy advice and establishing new specialized financial institutions. The work of the Investment Officer also involves helping private companies from developing countries gain access to international capital markets.

Requirements: Candidates must possess a graduate degree in finance or business administration. An excellent command of English is essential and fluency *in French or Spanish is desired. Background should include a minimum* of five years' in banking, either with an investment bank or in the industrial finance or international department of a commercial bank. Substantive *international experience, preferably with developing countries,* is required in: leasing, small business financing, corporate finance, securities markets, venture capital or international bond and equity issues.

Benefits: Competitive benefits package including relocation expenses on appointment and provision to maintain cultural ties with home country. Please send detailed résumé in English quoting Ref: CCMD-82 to: Miss Katherine Louthood, Recruitment Officer, International Finance Corporation, 1818 H St. N.W. Room I 9-269, Washington, D.C. 20433, USA.

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Purchasing/Materials Manager

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COMMODITIES AND AGRICULTURE

Go-ahead for UK farm price rises

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

Farmers are naturally pleased that the Community price review has been finally settled. It is true that the increase granted, which averages 10.5 per cent, hardly matches the rate of inflation, but compared with previous awards it has been much more generous. Farmers have become adept at countering the effects of under-recoupment by producing more from the same set of basic resources. The influence of prices on production is much less direct than popularly supposed.

A mediocre — in farmers' terms — price settlement is much more likely to stimulate increasing production than a generous one. In the first case you just have to reduce unit costs by increasing turnover. In the second you might be able to carry on without too much effort sheltered by a good price review.

From that point of view the present settlement has been broadly neutral, with the exception of sheepmeat. This is supported by a variable premium or deficiency payment paid by the EEC. The increase here is 10½ per cent with the probability of a further increase of 4 per cent as part of the sheepmeat regime to bring UK prices up to the level of those in France. This will probably come in an addition to the ewe headage payment.

Dairy farmers, in view of current overproduction, would seem to have come off well with 10½ per cent on the milk price and a reduction of ½ per cent in the co-responsibility levy. All the signs are that milk production is increasing and this will come as a welcome bonus to farmers who had been setting out to secure higher yields in any case.

Beef has been quite generously treated with the full 11 per cent by the end of the year, but specialist beef production is on a downward trend in the UK and it is unlikely that the award would encourage anyone to venture into this sector or to expand it.

The increase for cereals of 8½ per cent is a recognition of the present and prospective over-supply in this sector. There is also the threat of a co-responsibility levy reducing the intervention price next year by 1 per cent for every million tonnes by which the cereal harvest in the EEC increases above 119m tonnes.

The generally unprotected livestock sector of pig and poultry products gets no direct price support and is in danger of facing increasing cereal feed costs unless it can have improved access to the different varieties of cereal substitutes entering the EEC. British farmers so far have not been able to use any great quantities of these but the world is now being scoured for materials to replace the cereals which will have to go either into intervention or subsidised exports.

I doubt if this review will provide much in the way of funds for what is loosely called farm investment. Most will go in current costs. But farm investment is a very subjective term. Most farmers could go on producing with their present machinery and building equipment for quite a long time. In fact they have already been doing so, as the falling sales of tractors, etc., have shown over the past two or three years. Labour will still be allowed to drift away to counter increased wages. A lot more belt tightening is possible should that become necessary.

The ever-present worry is that it could. The thinking farmer (and there are many such) might well ask: "suppose" the prop of the CAP is knocked away either by a Government pledged to Community withdrawal or opted out of by an exasperated Mrs Thatcher frustrated from securing budgetary reform." This last is not so fanciful. She would simply be taking advantage of the widespread use of national aid to support farmers by all EEC members. It would be easy for the practice to undermine the very existence of the CAP as the supreme arbiter of community farming. A not-so-gentle push would probably do it.

This is the British farmers' nightmare. Withdrawal from the CAP would mean the substitution of something between £2bn and £3bn annually in the shape of deficiency payments to maintain present farm price levels. Would any British Chanceller pay it, or would the consumer, already reducing the uptake of a number of food items, pick up the tab?

INTERVENTION PRICE RISES FOR MAIN PRODUCTS

	New price ECU* per tonne	Final increase %	Original proposed increase %
Common wheat, barley and maize	179.27	8.5	6.58
Sugar	514.10	9.5	9.0
Olive Oil	2,179.30	11.0	9.0
Milk Products:			
Butter	3,497.00	10.0	8.6
Skim powder	1,462.30	10.4	9.2
Beef and veal (liveweight)			
Immediate	1,726.80	8.5	6.0
From December 6	1,766.60	11.0	9.0
Basic prices for:			
Sheepmeat	4,098.20	10.5	9.0
and Pigmeat	1,946.80	10.5	9.0

* European currency units.

Legal moves over UK turkey ban

By Richard Mooney

THE UK Government is facing an action in the High Court over a ban imposed last summer on poultry imports from countries which vaccinate against fowl pest.

Announcing this move in London yesterday the French Turkey Federation (CINDE) repeated its allegation that the British ban, for which the Government claims animal health justification, is nothing more than a ploy to keep out cheaper competition. It claimed the rules of the Treaty of Rome had been breached because the ban interfered with free trade in the Community.

Britain already faces an action over the ban in the European Court which has been brought by the EEC Commission. The CINDE action is thought to be the first brought by producers against a foreign government based on the Treaty of Rome.

It claims damages and interest for lost sales which could run into millions of pounds.

The imposition of the ban followed a whole series of accusations by British producers that they were facing unfair competition from a subsidised French turkey industry.

Copper values weaken

By John Edwards, Commodities Editor

COPPER PRICES lost further ground on the London Metal Exchange yesterday, in spite of opening on a firm note. The cash price for higher-grade copper closed £11.5 down at £835 a tonne.

A further decline in early trading on the New York copper market (Comex) was primarily responsible for wiping out gains in London earlier in the day. Continued selling in New York, believed to be mainly speculative, has already triggered off a series of cuts in domestic copper prices by U.S. producers. Some reduced their quotations by 1 cent to 76 cents a lb, while others have moved down to 75 cents.

TEA

Producer squibbles jeopardise pact

BY BRIJ KHINDARIA IN GENEVA

SQUABBLES AMONG the main tea producers—India, Sri Lanka and Kenya—emerged as the main obstacles to a new international agreement to stabilise world tea markets at negotiations in Geneva. Surprisingly, Britain and the main European tea-importing countries agreed last week that producers should be allowed to use export controls to manipulate supplies to bolster world prices. New negotiations are planned for later this year and next year at dates still to be fixed.

European flexibility reflects the new found strength of the tea exporters who recently created a tea producers' association to increase their bargaining power. But that bargaining advantage may slip away in coming months if producers continue to quarrel about the manner in which they should share export quotas.

The U.S. remains a dour onlooker in the 43-nation talks for an International Tea Agreement sponsored by the United Nations Conference on Trade and Development.

It has flatly rejected a tea agreement which interferes with existing market mechanisms through such means as buffer stocks or export controls.

With 11 per cent of world imports, the U.S. position carries authority, although it has isolated itself from other consumers. It insists that export controls are impractical because of the conflicting interests of tea producers. The agreement's focus should instead be on promoting tea sales, improving quality, reducing costs and sharpening international competition.

Oversupply has dogged world tea markets ever since countries like Kenya, Indonesia, Malawi and Argentina began to boost exports, cutting into the domination of India and Sri Lanka for black teas and China for green teas.

India supplied about 30.3 per cent or 242,000 tonnes out of total world exports of 798,000 tonnes last year while Sri Lanka provided 23.8 per cent or 190,000 tonnes.

In third place, Kenya so far accounts for only 9.3 per cent or 75,000 tonnes. But it has an ambitious planting programme and is fast becoming a threat for the two main suppliers, especially because its teas compare very favourably with their high quality exports. Kenyan growth rankles with the Asians also because much of the investment is controlled by transnational conglomerates such as Brooke Bond, whose power the Asians have fought long and hard to break on their own territories.

To make matters worse, small producers like Turkey, and some larger ones like Malawi and Argentina, export very low quality teas alongside better qualities. That allows the mainly British packers to produce cheap blends using as little as 10 per cent of better Asian teas, damaging the image of tea as a drink and causing irredeemable long-term harm to the industry.

Tea producers sought accord in Geneva mainly on the use of export controls because of sharp European opposition to the use of buffer stocks to stabilise prices. But they did persuade the Europeans to allow preparation of a study on the feasibility of using such stocks as a back-up mechanism if export controls fail to prevent continuous drops in prices.

The most important European concession was the decision to make price stabilisation the planned agreement's main objective. Exporters of other commodities such as jute, cotton and copper have failed to wring such a concession from the importers in separate negotiations under Unctad auspices.

A reason for European acceptance of the producers' suggestions was that the burden of making the agreement work would fall mainly on the exporters.

But dissension among exporters arose because Kenya feels that India and Sri Lanka are trying to hold back its industry by telling it to accept lower export growth rates than it needs to promote economic development.

Both Kenya and China are trying to change a suggested provision calling for restraints when needed on production as well as exports to stabilise prices over a period of years.

They fear that they may have to reduce the rate of new planting without anything in return from India and Sri Lanka who are already so large that only cutbacks in existing capacity would help to reduce oversupply.

India and Sri Lanka are also keen to enforce quality standards to prevent "substandard teas" from being sold. Canada disapproves saying that only harm to health can justify prevention of sales.

Egypt plants lower cotton acreage

By Charles Richards in Cairo

ACREAGE planted with cotton in Egypt this year is some 4 per cent below target, according to the Egyptian Ministry of Agriculture quoted in the semi-official newspaper "Al-Ahram."

The ministry had set a target of 1.1m feddans (one feddan equals 1.038 acres) to be planted with cotton by the end of March, but inclement weather delayed planting.

Rubber producers' group reactivated

BY WONG SULONG IN KUALA LUMPUR

SENIOR OFFICIALS from the Association of Natural Rubber Producing Countries (ANRPC) are meeting in Kuala Lumpur today to reactivate the organisation following producers' disenchantment over the International Rubber Agreement.

At the INRO meeting here early this month, consumers insisted on a 1 per cent downward revision of the buffer stock price range in spite of strong appeals by producers.

Malaysia, which played a big role in negotiating the INRA is particularly upset because it feels the price bands were fundamentally out of line with actual production costs and that consuming countries had taken advantage of a technical point in the agreement to force the downward revision.

In doing so, producers' confidence in the INRA has been eroded although it is unlikely that any of them would want to quit the pact since it is still a safety net against a further fall in prices in the present depressed environment.

Malaysia is calling for the ANRPC meeting to review the INRO operations and discuss what action producers can take to improve the rubber price.

The ANRPC, which links Malaysia, Indonesia, Thailand, India, Sri Lanka, Papua New Guinea, Singapore and Vietnam, used to be active in the 1970s in lobbying against the proliferation of synthetic rubber plants in Japan and the West, but fell into disuse after the INRA was negotiated in 1979.

Cuba hinders sugar agreement

THE INTERNATIONAL Sugar Organisation's special committee on export tonnages has been unable to agree on proposals for 1983 and 1984 to put before the full meeting of the organisation which is due to start in London today.

According to delegates Cuban insistance on a higher quota is the main cause of the failure to reach agreement. Cuba is said to want either a larger share of the total allocation or an increased special entitlement to export to Eastern bloc states.

At its regular weekly tender yesterday the EEC Commission authorised the sale of 33,250 tonnes of white sugar

On the London market yesterday raw sugar futures eased between £1.10 and £0.50 per tonne lower than Tuesday's close. In the morning the London Daily Price had been set at £109 per tonne, £3 lower than the previous days level.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER CONTINUED to lose ground on the London Metal Exchange as initial London buying was followed by renewed and heavy U.S. speculative selling which depressed forward metal to £853.5, after £860.5. Lead and Zinc were well supported with the latter finally £425.5 and the former £333. Aluminium closed at £555.5 and Nickel £2,880. Nervous selling saw forward standard Tin drop to £7,100 before buffer stock support buying encouraged a rally to £7,125.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
HighGrde				
Cash	839.5-40	-11½	834.5-5.5	-11.5
3 mths	869.5-70	-10.5	864.5-5	-12
Settlem't	840.0	-11.5	—	......
Cathodes				
Cash	830.5-1.5	-10.75	825-6	-15.25
3 months	860.5-1	-10.75	855-.5	-15
Settlem't	831.5	-10.5	—	......
U.S. Prod.	—	—	*76-81	......

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £873.00, 72.50, 72.00, 71.50, 71.00, 70.50, 70.00, 69.50. Kerb: Higher Grade, three months £870.00. Afternoon: Higher Grade, three months £862.00, 61.50, 61.00, 60.50, 61.00, 61.50, 61.00, 62.50, 63.00, 63.50, 64.00, 64.50. Kerb: Higher Grade, three months £863.50, 64.00, 63.00, 62.50, 63.00, 64.00. Turnover: 26,150 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	321.5-2.5	+5.75	319.5-20.5	+1.5
3 months	334-.5	+3.5	331.5-2.5	+0.25
Settlem't	322.5	+4	—	......
U.S. Spot	—	......	*26-8	......

Lead — Morning: Three months £334.50, 35.00, 34.50, 34.75, 34.50. Kerb: Three months £334.00, 33.50, 33.00, 34.00. Afternoon: Three months £332.00, 32.50, 32.00. Kerb: Three months £332.00, 33. Turnover: 11,525 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	7030-35	+7.5	7000-20	-10
3 months	7135-40	-2.5	7125-30	+5
Settlem't	7035	+5	—	......
Standard				
Cash	7025-30	+2.5	7000-20	-10
3 months	7135-40	-2.5	7110-5	-10
Settlem't	7030	......	—	......
Straits E.	‡$29.54	......	—	......
NewYork	—			

Tin—Morning: Standard: Cash £7,020, 25, three months £7,140, 50, 40, 35. High Grade, cash £7,030. Kerb: Standard, three months £7,140. Afternoon: Standard, three months £7,130, 7,140, 20, 7,100, 10, 20, 15, 10, 15. Kerb: Standard, three months £7,100, 15, 20, 25, 30, 20. High Grade, cash £7,010, three months £7,125. Turnover: 2,485 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	415-.5	-1	415-6	+1.5
3 months	423.5-4	+1	423.5-4	+2.5
S'ment	415.5	-1	—	......
Primw'ts	—	......	*35-37.75	......

Zinc—Morning: Cash £415.00, three months £426.00, 25.00, 25.50, 25.00, 24.50, 24.00, 23.50. Kerb: Three months £423.50, 23.00, 24.00, 25.00. Afternoon: Three months £422.00, 23.00, 24.00. Kerb: Three months £423.00, 24.00, 25.00. Turnover: 8,075 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	533-.5	-3.75	532.5-3.5	+1
3 months	565-6	-3.75	554.5-5	+1.25

Aluminium—Morning: Three months £557.00, 56.00, 55.50. Kerb: Three months £555.00. Afternoon: Three months £554.00, 54.50. Kerb: Three months £555.00. Turnover: 8,300 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	2800-10	-50	2815-25	+10
3 months	2865-7	-61	2880-90	+7.5

Nickel — Morning: Three months £2,870, 60, 65, 67. Kerb: Three months £2,865. Afternoon: Three months £2,875. Kerb: Three months £2,885. Turnover: 402 tonnes.

* Cents per pound. ‡ M$ per kilo. † On previous official close.

SILVER

Silver was fixed 4.4p an ounce higher for spot delivery in the London bullion market yesterday at 375.4p. U.S. cent equivalents of the fixing levels were: Spot 676.0c, up 6.7c; three-month 699.9c, up 7c; six-month 724.1c, up 7.3c; and 12-month 774.1c, up 7.4c. The metal opened at 371-374p (673-677c) and closed at 371-374p (668-672c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	375.40p	+4.40	373.75p	+3.75
3 months	387.25p	+4.65	385.90p	+4.20
6 months	399.60p	+4.95	—	......
12months	425.40p	+5.05	—	......

LME—Turnover 103 (59) lots of 10,000 ozs. Morning: Three months 387.5, 87.0, 87.2. Kerb: Unitraded. Afternoon: Three months 384.0, 84.5, 86.0. Kerb: Three months 386.0.

COCOA

COCOA	Yest'day's Close	+ or —	Business Done
May	909-11	-1.5	911-06
July	942-43	+3.0	945-34
Sept.	965-67	-3.5	973-60
Dec.	1005-07	-4.5	1015-999
March	1030-31	-10.5	1044-30
May	1050-55	-11.5	1065-55
July	1070-78	-11.5	—

Sales: 2,916 (3,733) lots of 5 tonnes.

ICO Indicator prices for May 18: (U.S. cents per pound): Comp. daily 1979 118.39 (120.14); 15-day average

COFFEE

A firm New York close failed to encourage a better London opening as gains of £8-10 were met by commission house selling, reports Drexel Burnham Lambert. A further advance in New York had little impact on London and conditions throughout the afternoon were quiet.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1112-14	+1.5	1122-05
July	1111-12	+7.0	1119-08
Sept.	1081-82	+12.0	1089-76
Nov	1065-66	+8.0	1075-66
January	1062-65	+7.5	--
March	1055-58	+2.5	—
May	1040-53	-0.5	—

GAS OIL FUTURES

A weak market led to a steady increase in prices fuelled by short covering in anticipation of military action in the South Atlantic, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
May	305.75	+6.00	305.00-99.00
June	297.75	-5.50	297.75-69.75
July	293.00	+4.00	294.00-87.00
August	292.25	+3.00	295.50-87.50
Sept.	293.00	+3.50	294.00-92.00
Oct.	295.00	+2.00	295.50-94.50
Nov	296.75	+1.75	—
Dec	299.75	+1.75	—
Jan	302.00	+3.00	—

Turnover: 1,864 (1,821) lots of 100 tonnes.

GRAINS

The market opened unchanged to 10p up on old crop and 10p up on new crop. Old crops eased with the new but recovered during the afternoon session. New crops found some hedge selling which eased the market down to close 30-35p on wheat and 60-75p down on barley, Acli reports.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yest'rd'ys close	+ or —
May	120.20	—	111.50	-0.60
July	122.90	—	—	—
Sept.	109.30	-0.35	104.50	-0.75
Nov.	113.10	-0.35	108.25	-0.65
Jan.	117.05	-0.30	112.25	-0.60
Mar.	120.45	-0.30	115.60	-0.65

Business done—Wheat: May 120.20-120.00, July 123.00-122.65, Sept 109.55-109.30, Nov 113.35-113.10, Jan 117.20-117.00, March 120.60-120.50. Sales: 167 lots of 100 tonnes. Barley: May 110.50 only, Sept 105.10-104.50, Nov 108.80-108.25, Jan untraded, March 115.80 only. Sales: 57 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1, 14 per cent May 111.50, June 111.25, July 110 transhipment East Coast sellers. English Feed fob May 122, Sept 113, Oct/Dec 111.50 East Coast sellers. Maize: French May 136.25 transhipment East Coast sellers. S. African White/Yellow Oct/Dec 86.00 seller. Barley: English Feed fob Aug 107, Sept 108.25 East Coast sellers.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 114.20, E. Mids. 110.10, N. East 112.00. The UK Monetary Coefficient for the week beginning Monday, May 24, is expected to remain unchanged.

RUBBER

The London physical market opened easier, attracted little physical interest throughout the day and closed uncertain. Lewis and Peat recorded a May fob price for No. 1 RSS in Kuala Lumpur of 207.00 (same) cents a kg and SMR 20 179.5 (188.5).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
June	54.00-54.80	55.00-55.80	—
July	55.30-55.50	56.20-56.50	55.50
Jly-Sept	55.20-55.50	56.40-56.30	55.50-55.40
Oct-Dec	56.60-56.70	57.60-57.70	57.00-56.40
Jan-Mar	58.70-58.90	59.50-59.60	59.00-58.50
Apl-Jne	60.50-60.60	61.30-61.60	60.60-60.40
Jly-Sept	62.40-62.50	62.90-63.20	62.40
Oct-Dec	64.20-64.30	64.90-65.00	64.10
J'n-Mch	65.80-66.50	66.50-66.70	66.60-66.50

Sales: 319 (167) lots of 15 tonnes, 1 (15) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 53.75p (54.50p); June 51.75p (52.00p); July 52.75p (53.25p).

SOYABEAN MEAL

The market opened unchanged in dull conditions, reports T. G. Roddick. Prices remained steady with underlying buying interest closing with small gains.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
June	156.10-56.3	+0.85	156.80
August	155.50-55.6	+0.70	155.50-54.90
October	156.00-56.1	+1.10	156.00-55.00
Dec	159.10-59.5	+1.05	159.00-58.00
Feb	141.50-42.5	+0.75	—
April	143.00-44.5	+0.25	—

Sales: 180 (162) lots of 100 tonnes.

Soyabean Oil—The market opened US$2 higher and remained steady on trade buying closing on highs. Closing prices (US$ per tonne): Aug 529.00-527.00; Oct 531.50-529.50; Dec 535.00-535.00. Turnover: 69 (36).

SUGAR

LONDON DAILY PRICE—Raw sugar £109.00 (£112.00) a tonne cif May-June-July shipment. White sugar daily price £140.00 (£143.00).

Small losses were again recorded at the opening but thereafter the market made steady gains with the highs of the day registered at the close, reported C. Czarnikow.

No. 4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
Aug	117.80-18.00	117.60-17.75	118.10-15.50
Oct	123.00-23.10	122.50-22.75	123.05-20.50
Jan	126.00-27.50	125.00-27.00	—
March	135.30-35.50	133.80-33.65	135.50-32.00
May	138.30-38.50	136.50-37.00	137.25-36.00
Aug	141.00-43.50	140.00-42.50	139.50
Oct	144.00-48.50	143.00-47.50	—

Sales: 2,727 (1,697) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £374.00 (same) a tonne fob for home trade and £214.50 (£218.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for May 18: Daily price 7.90 (7.89); 15-day average 8.41 (8.47).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: Buyer, seller, business). New Zealand cents per kg. May 385, 385, nil; Aug 390, 393, 393; Oct 402, 405, 405; Dec 407, 410, 409-408; Jan 409, 411, 411-408; March 419, 420, 420; May 428, 530, nil; Aug 438, 441, nil; Oct 441, 444, nil. Sales: 21.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. May 546.0, 550.0, 560.0-545.0; July 546.0 buyer only, 548.0-545.0; Oct 525.0, 525.8, 525.8-524.0; Dec 530.0, 532.0, 532.0-530.0; March 534.0, 535.0, 534.0; May 539.0, 540.0, 540.0-537.0; July 545.0, 548.0, 545.0-544.0; Oct 543.5, 547.0, 544.0-543.0. Sales: 116.

COTTON

LIVERPOOL—Spot and shipments sales amounted to only 10 tonnes. Spinners remained cautious in assessing their requirements and were unwilling to operate freely. In the meantime, many users preferred to avoid heavy commitments, inquiry being in specialist qualities.

POTATOES

LONDON POTATO FUTURES—The market remained quiet, gradually easing, with prices closing generally weaker, reports Coley and Harper. Closing prices: Nov 64.70, -0.50 (high 65.40, low 65.00); Feb 74.30, -0.30 (high 74.50, low 74.10); April 85.60, -0.7 (high 86.50, low 85.60); May 97.60, -0.80 (high 98.20, low 97.30). Turnover: 185 (245) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 82.0 to 86.8; Ulster Hindquarters 97.0 to 102.5, Forequarters 55.0 to 59.0. Veal: Dutch Hinds and Ends 119.0 to 124.0. Lamb: English Small 82.0 to 90.0, Medium 82.0 to 86.0, Heavy 76.0 to 80.0. Imported—New Zealand PL 62.0 to 63.7, PM 62.0 to 625, PX 615 to 62.5, YL 59.5 to 60.5. Pork: English, under 100 lb 37.0 to 55.0, 100-120 lb 42.0 to 53.5, 120-160 lb 39.5 to 50.5.

MEAT COMMISSION—Average fatstock prices at representative markets: GB—Cattle 101.14p per kg lw (-2.38). UK—Sheep 182.58p per kg est dcw (-22.16). GB—Pigs 75.17p per kg lw (-2.33).

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-£4.50, codlings £3.00-£4.00; large haddocks £4.00-£5.00, medium £3.60-£5.20, small £2.60-£3.20; large plaice £5.50-£6.20, medium £4.50-£5.80, best small £3.70-£4.60; large skinned dogfish £5.50, medium £5.00; large lemon sole £8.50, medium £7.50; rockfish £2.00-£2.80; saithe £2.50-£2.70.

COVENT GARDEN — Prices for the bulk of produce, in sterling per package except where otherwise stated: Imported Produce: Oranges—Cyprus: 15-kg Valencia Lates 3.20-6.00; Jaffa: 20-kg Valencia Lates 56 6.25, 60 6.25, 75 6.25, 88 5.85, 105 5.50, 123 4.85, 144 4.50, 168 4.50; Moroccan: 16-kg Valencia Lates 48/113 4.00-6.50; Spania: Valencia Lates 6.00-6.40. Lemons—Spania: trays 5-kg 40/50 1.40-1.80; Jaffa: 16-kg 90/123 4.00-5.00; Outspan: 15½-kg 80/180 4.50-6.40; Italian: 100/120 3.50-4.00. Grapefruit—U.S.: 16/17-kg, Florida Ruby 8.50; Cyprus: small cartons 17-kg 3.20-5.00; Jaffa: 20-kg 27 4.25, 32 4.45, 36 4.45, 40 4.65, 48 4.95, 56 4.95, 64 4.75, 75 4.50, 88 4.00. Apples—French: Golden Delicious 9-kg 5.50-6.00, 18-kg 10.00-11.00, Starkcrimson 10.00-11.50; New Zealand: 18-kg Cox's Orange Pippins 18.00, Red Delicious 11.00-12.00, Golden Delicious 10.00-12.00; Chilean: 18-kg Granny Smith 11.00-12.00; S. African: Granny Smith 12.00-12.50, Golden Delicious 12.00-13.00, Starkcrimson 11.00-12.50; U.S.: 18-kg Red Delicious 9.00-14.00. Pears—S. African: 15-kg Packham's Triumph 10.50-11.50, Comice 34-lb 11.00-12.00, Beurre Bosc 9.00-10.20; Italian: Per lb Passacrassena 0.14-0.16. Peaches—Israeli: 13/27 3.00-3.60. Grapes—S. African: Barlinka 6.00; Chilean: 5-kg Thompson 8.20-9.00, Red Emperor 6.00, Almera 7.80-8.00, Ribier 8.00. Strawberries—Spanish: 8-oz 0.30-0.35; Italian: 8-oz 0.35; Belgian: 0.40. Cherries—Spanish: Per lb 0.90; U.S.: 1.50. Melons—Senegal: Charentais 7/12 7.00-8.00; Chilean: 15-kg White 5.00-6.50; Guatemala: 10-kg White 5.50-6.00; Spanish: Galia 3.00-4.00, Yellow 10-kg 6.00-6.50.

English Produce: Potatoes—Per 55-lb, White 4.50-5.00, Red 4.80-5.50, King Edwards 5.00-6.50. Per lb new 0.20-0.25. Mushrooms—Per lb, open 0.50-0.60, closed 0.60-0.80. Apples—Per lb, Bramley 0.20-0.34. Lettuce—Per 12, round 1.20-2.00, Cos 10's 3.00. Onions—Per 55-lb 40/80mm 2.50-3.50. Spring onions—Per bunch 0.08-0.12. Spring cabbage—Per 25-lb 3.00-4.00. Carrots—Per 26/28-lb 2.00-4.00. Beetroots—Per 28-lb, round 1.00-1.20, long 1.20. Rhubarb—Per lb, outdoor 0.05-0.10. Leeks—Per 10-lb 1.20-1.50. Parsnips—Per 26/28-lb 1.20-1.60. Cucumbers—Per package 2.70-3.40. Greens—Per 30-lb Kent 2.00-3.00. Tomatoes—Per 12-lb box D/E 4.20-4.60. Cauliflowers—Per 12 Kent 3.20-4.50. Asparagus—Per lb 0.70-1.50. Strawberries—Per 8-oz 0.40-0.60, 4-oz 0.20-0.30. Raspberries—Per 4-oz pack 1.50. Celery—Per 12/30 5.00-6.00.

*

HIDES—Leeds: The weaker market conditions of the past few weeks continue to persist. Second clears. Ox: 31-35.5kg, 59p a kg withdrawn (61.3); 26-30.5kg, 66p a kg withdrawn (68.0); 22-25.5kg, 76p a kg (78.1). Light cows: 25.5kg, 68p a kg withdrawn (71.5).

PRICE CHANGES

In tonnes unless otherwise stated.

	May 19 1982	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt.	$955/985	......	$985/1015
Copper			
Cash h grade	£835	-11.5	£85.5
3 mths	£864.75	-12.0	£889.25
Cash Cathode	£825.5	-15.5	£854
3 mths	£855.25	-15.0	£883
Gold troy oz	$342.5	+5.25	$343.5
Lead Cash	£320	+1.5	£326.5
3 mths	£332	+0.25	£339.75
Nickel	£2974	......	£3926
Free mkt.	235/265c	......	245/275c
Platin'mtr oz'y	£260	......	£260
Freemkt.	£176.80	+1.55	£167.15
Quicksilvert	$360/375	......	$370/380
Silver troy oz	375.40p	+4.40	406.55p
3 mths	387.25p	+4.65	420.05p
Tin Cash	£7010	-10	£7147.5
3 mths	£7127.5	+5.0	£7372.5
Tungsten22.0lb	$109.01	+2.3	$114.29
Wolfrm 22.4lbs	$109/112	......	$182/107
Zinc Cash	£415.5	+1.5	£423.5
3 mths	£423.75	+2.5	£424.25
Producers	$860/900	......	$860/900
Oils			
Coconut (Phil)	$510u	......	$505.5
Groundnut	$635u	-5	‡
Linseed Crude	‡		‡
Palm Malayan	$510v	......	$505
Seeds			
Copra Philip	$335u	......	$330
Soyabean (U.S.)	$276.25	+1.25	$271.25
Grains			
BarleyFut. Sep	£104.50	-0.75	£103.50
Maize	‡	......	£135.5
Wheat Fut.July	£122.90	......	£122.65
No.2HardWint	‡	......	‡
Other commodities			
Cocoa ship't*	£972.5	+5.0	£997
Future July	£942.5	+3.0	£940
Coffee Ft' July	£1111.5	+7.0	£1134.5
Cotton A.Index	76.35c	-0.40	71.35c
Gas Oil June	$297.75	+5.5	$279.75
Rubber (kilo)	55.75p	-0.75	56.5p
Sugar (Raw)	£109u	-5	£126
Woolt'ps 64s kl.	397p kilo	......	401pkilo

In tonnes unless otherwise stated. ‡ Unquoted. v June. u June-July. † Per 76lb flask. * Ghana cocoa. n Nominal. § Seller. b May-June-July.

GOLD MARKETS

Gold rose $5½ an ounce from Tuesday's close in the London bullion market yesterday to finish at $342-343. The metal opened at $339½-340¼ and traded between a high of $343-343¾ and a low of $339-339¼.

In Frankfurt the 12½ kilo bar was fixed at DM 25,605 per kilo ($344.03 per ounce) against DM 25,275 ($338.98) previously and closed at $341-342½ against $337¾-338¾.

In Paris the 12½ kilo bar was fixed at FFr 67,000 per kilo ($345.16 per ounce) in the morning compared with FFr 66,250 ($340.90) on Tuesday afternoon.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar at the fixing was $339.75 against $336.75. In Zurich gold finished at $341-344.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	£ per troy ounce		
August	195.80-96.00	+4.725	195.20-92.70
Sept'mb'r	197.60-98.00	+5.050	—
October	199.75-99.90	+5.050	199.20-98.45
November	201.55-01.70	+4.850	201.70-00.55

Turnover: 1,006 (834) lots of 100 troy ozs.

	May 19		May 18	
Gold Bullion (fine ounce)				
Close	$342-343	(£190-190½)	$336¾-337¾	(£186-186½)
Opening	$339½-340¼	(£187¼-187¾)	$335¾-336½	(£185½-186)
Morning fixing	$342.75	(£189.711)	$337.50	(£185.981)
Afternoon fixing	$342	(£189.916)	$338	(£187.050)
Gold Coins				
Krugerrand	$352¼-353	(£196¼-196¾)	$346¼-347	(£190¾-191¼)
1/2 Krugerrand	$181½-182½	(£101-101½)	$178¼-179¼	(£98¼-98¾)
1/4 Krugerrand	$92½-93½	(£51½-52)	$90¾-91¾	(£50-50½)
1/10 Krugerrand	$37¾-38¾	(£21-21½)	$37-38	(£20½-21)
Mapleleaf	$351½-352½	(£195¾-196¼)	$345¾-346¾	(£190½-191)
New Sovereigns	$82½-83	(£46-46¼)	$81½-82	(£45-45¼)
King Sovereigns	$96-97	(£53¼-53¾)	$95-96	(£52½-53)
Victoria Sovs	$96-97	(£53¼-53¾)	$95-96	(£52½-53)
French 20s	$71¼-81¼	(£45¼-50¾)	$70-80	(£38½-44)
50 pesos Mexico	$419¾-422¼	(£233¾-235¼)	$412¼-414¾	(£227¼-228½)
100 Cor. Austria	$333¾-336¼	(£186-187¼)	$328-330½	(£180¾-182¼)
$20 Eagles	$432-438	(£240½-244)	$430-435	(£237-239¾)

AMERICAN MARKETS

NEW YORK, May 19.

PRECIOUS METALS were slightly lower on the Falklands crisis and the potential for the federal reserve to ease in its monetary policy. Copper declined sharply on heavy liquidation and arbitrage selling. Cocoa attracted light short covering on Soviet inquiry and lack of origin selling. Cotton attracted commission house short covering after failure to follow through on recent declines. Sugar strengthened slightly on evidence of light physical interest developing. Follow-through technical selling weakened the pork complex while cattle were mixed to higher on good cash demand. Light trade and local buying rallied heating oil ahead of tomorrow's OPEC meeting and expectations for further drawdown on product stocks in the American petroleum institute weekly statistics, reported Heinold.

Copper—May 66.90 (68.40), June 67.67.20 (68.75), July 68.15-68.40, Sept 69.90-70.15, Dec 72.50-72.70, Jan 73.30, March 74.90, May 76.70, July 78.00, Sept 79.55, Dec 82.10, Jan 83.05, March 84.20.

*Gold—May 341.2 (340.8), June 342.0-343.0 (342.1), July 346.1, Aug 349.0-350.2, Oct 358.2, Dec 365.3, Feb 372.9, April 380.9, June 389.1, Aug 397.4, Oct 405.8, Dec 414.3, Feb 422.8.

Orange Juice — July 121.00-121.10 (121.80), Sept 123.80-124.10 (124.65), Nov 125.30-125.40, Jan 126.50-126.70, March 127.85-128.00, May 129.20-129.40, July 130.55-130.80, Sept 131.80-132.20.

Potatoes (round whites)—Nov 78.1-78.5 (79.0), Feb 87.5 (87.5), March 90.9, April 105.7-105.9. Sales: 123.

¶Silver—May 669.5 (670.7), June 672.3 (673.5), July 679.0-681.0, Sept 686.7, Dec 722.0, Jan 723.9, March 746.5, May 763.1, July 779.7, Sept 796.3, Dec 821.3, Jan 829.6, March 846.2.

Sugar—No. 11: July 8.12-8.14 (8.07), Sept 8.40 (8.33), Oct 8.59-8.60, Jan 8.94, March 9.68-9.70, May 9.97, July 10.15-10.20, Sept 10.25. Sales: 60.

CHICAGO, May 19.

Lard—Chicago loose 23.00 (22.50).

Live Cattle—June 72.97-73.05 (72.82), Aug 67.20-67.15 (67.32), Oct 64.12-64.20, Dec 64.27-64.20, Feb 63.82, April 64.10, June 64.90.

Live Hogs—June 62.20-62.10 (62.37), July 62.25-62.40 (62.50), Aug 60.90-61.00, Oct 57.50, Dec 57.50, Feb 53.90, April 50.85, June 51.80, July 52.00.

‡‡Maize—May 268¾ (same), July 279-279¼ (278), Sept 281½, Dec 285¾-285¼, March 298½, May 306½.

Pork Bellies—May 87.25-87.30 (88.85), July 85.35-85.35 (87.25), Aug 83.12-83.12, Feb 75.00-75.20, March 75.60, May 74.60, July 75.35-75.65, Aug 74.75.

†Soyabeans — May 660-662 (662½), July 672-671½ (670½), Aug 676½-677½, Sept 678, Nov 682¼-681½, Jan 695½, March 710.

‖Soyabean Meal—May 189.0 (190.4), July 191.7-191.9 (192.0), Aug 192.8-193.0, Sept 194.5-194.0, Oct 195.3-194.8, Dec 198.3-198.5, Jan 200.5, March 204.5-205.5, May 207.8-208.2.

Soyabean Oil — May 20.71-20.73 (20.63), July 21.15-21.14 (20.98), Aug 21.37, Sept 21.58, Oct 21.72, Dec 22.04-22.05, Jan 22.25, March 22.55-22.60, May 22.80-22.85.

†Wheat—May 354 (352), July 365¾-366¼ (364½), Sept 381, Dec 401½-401¾, March 417½, May 424.

WINNIPEG, May 18.

§Barley—May 127.10 (127.40), July 128.10-128.20 (127.20), Oct 126.50, Dec 127.50, March 129.50.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 221.99 (222.19).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

EUROPEAN MARKETS

ROTTERDAM, May 19.

Wheat—(U.S. $ per tonne). U.S. No. 2 Dark Hard Winter 13.5 per cent fob Ghent 201. U.S. No. 2 Red Winter May 159. U.S. No. 3 Amber Durum May 183, June 183, July 183, Aug 184, Sept 187, Oct 190, Nov 193. U.S. No. 2 Northern Spring 14 per cent May 184, June 181.50, July 179, Aug 179, Sept 180.50, Oct 184, Nov 185.50.

Maize—(U.S. $ per tonne): U.S. No. 3 Yellow afloat 132.50, May 132.50, June 131.25, July 132, Aug 131.50, Sept 131, Oct/Dec 130.50, Jan/March 138 sellers.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow Gulfports May 270.25, June 270, July 270.75, Aug 272.50, Sept 273, Oct 267.60, Nov 267.60, Dec 272, Jan 277.50, Feb 281, March 284 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent afloat 241-246, cif Amsterdam 244, cif Rotterdam traded May 235, June 235, June/Sept 235.50, Nov/March 245 sellers. Pellets Brazil afloat 253-256.50, cif Ghent traded afloat 253, May 246, June/Sept 246.50, Nov/March 261 sellers.

PARIS, May 19.

Cocoa—(FFr per 100 kg): May 970-985; July 1015-1039; Sept 1061-1065; Dec 1100-1110; March 1142-1158; May 1175-1185; July 1205-1215. Sales at call: 4.

Sugar—(FFr per tonne): July 1490-1510; Aug 1502-1506; Oct 1475-1484; Nov 1475-1485; Dec 1485-1490; March 1570-1576; May 1610-1620; July 1650-1660. Sales at call: 8.

Tuesday's closing prices

NEW YORK, May 18.

Coffee—"C" Contract: May 139.50-139.55 (139.00), July 123.98-124.10 (123.41), Sept 117.60-117.99, Dec 114.76, March 112.00-114.00, May 110.00-112.00.

Cotton — No. 2: July 66.91-66.87 (65.77), Oct 69.75 (69.77), Dec 71.15-71.25, March 73.00-73.01, May 74.10-74.50, July 76.10-76.50, Oct 76.10-76.50.

Orange Juice—July 121.80 (120.95), Sept 124.65 (123.90), Nov 125.85-126.00, Jan 127.20, March 128.50, May 129.80-130.00, July 131.10-131.30, Sept 132.40-132.60.

CHICAGO, May 18.

Chicago Imm Gold—June 342.0-342.5 (336.2), Sept 353.1 (347.1), Dec 365.0, March 375.6, June 387.3, Sept 399.3.

INDICES

FINANCIAL TIMES

May 18	May 17	Month ago	Year ago
239.81	239.50	244.61	252.55

(Base: July 1 1952=100)

MOODY'S

May 18	May 17	Month ago	Year ago
1006.6	1007.8	995.7	1081.1

(December 31 1931=100)

DOW JONES

Dow Jones	May 18	May 17	Month ago	Year ago
Spot	126.04	125.74	125.57	—
Futr's	127.96	128.16	129.86	—

(Base: December 31 1974=100)

REUTERS

May 19	May 18	M'nth ago	Year ago
1565.4	1571.1	1598.2	1686.6

(Base: September 18 1931=100)

ART GALLERIES

WORLD STOCK MARKETS

Mixed early Wall St trend

STOCKS ON Wall Street presented a mixed appearance at mid-session after a fair turnover.

Analysts, in assessing the market's performance, said certain issues attracted bargain-hunting, while Wall Street in general continued to be influenced by concern about *high U.S. interest rates*, Federal Budget problems and the sluggish economy.

The Dow Jones Industrial Average was a marginal 0.85 harder at 841.70 at 1 pm, after the previous two-day fall of 17 points. The NYSE All Common Index was 3 cents easier at $66.81 *while volume came to* 34.07m shares compared with Tuesday's 1 pm level of 35.19m.

Still depressed by **Drysdale Government Securities** inability to repay $160m in interest owed to **Chase Manhattan Bank**, the latter's shares fell 1½ more to *$47¼*, bringing the two-day decline in the stock to nearly five points. The Bank said it would pay interest on certain U.S. Government Securities which were processed through its institutional banking department and related to the trading activities of Drysdale. Chase said the action would reduce second-quarter earnings by about $135m.

Other banking shares showed narrow price moves. **Citicorp**, the most active stock, rose ⅜ to $26¼.

Elsewhere, **Cities Service**, a strong performer, gained 1¼ to $38 on more than 250,000 shares.

Among other *heavily-traded* issues, were: **Exxon** which was unchanged at $28¼, **Control Data** off ⅞ at $26⅞, ***Sherwin-Williams*** up ¼ at $23⅜, ***Aetna Life*** off ¼ at $39⅞. **American Telephone** unchanged at $54⅜ and **Merrill Lynch** off ⅞ at $27⅞.

THE AMERICAN SE Market Value Index hardened 0.19 to 274.00 at 1 pm. Volume 2.70m shares.

Closing prices for North America were not available for this edition.

Canada

Markets were mixed with an easier bias at mid-session after fairly active trading. The Toronto Composite Index picked up 1.6 to 1,533.2, but declines led advances on the exchange by 158 to 133.

Oils and Gas gained 7.4 to 2,730.4, but Golds shed 3.6 to 2,121.2.

Bombardier "A" gained 1¼ at C$11¼. Bombardier said it had a letter of intent to supply C$1bn worth of subway cars to New York City.

Tokyo

The market opened easier in response to the further fall on Wall Street overnight and the weaker yen, but later picked up on scattered bargain hunting to end mixed on balance.

The Nikkei-Dow Jones Average, after falling 52.33 the previous day, edged up 5.09 to 7,572.15. The Tokyo SE Index, down 2.95 on Tuesday, recovered 1.69 to 562.07. Volume was again moderate, amounting to 290m shares (260m).

Machine Tools and Industrial Robot Makers attracted good demand, with **Okuma Machinery** gaining Y28 to Y648 and **Tokico** Y25 to Y440.

Pharmaceuticals mainly continued to advance. Speculation that the Government may not cut drug prices this year, as has been anticipated for some time, bred expectations for better earnings this fiscal year, traders said. They also pointed to rumours that **Green Cross**, up Y100 at Y2,250, may obtain Government permission for commercial production of artificial blood this month. Strong sales of anti-cancer and other third-generation drugs were also giving a boost to Pharmaceuticals, which had been largely ignored in March and April when *the Nikkei-Dow Index surged.*

Motors closed broadly higher, while Precision Instruments, Light Electricals and Shipbuilders reported mixed movements. Oils and other Energy issues lost ground.

Toyota Motor rose Y30 to Y1,130, **Nissan** Y13 to Y838, **Fuji Heavy** Y17 *to* Y468, **Hitachi** Y6 *to* Y693, **Fuji Photo** Y40 to Y1,500, **Mitsui** Y8 to Y327 and **Toshiba Ceramic** Y14 to Y735.

However, **Sony** shed Y60 to Y3,770, **Kawasaki Heavy** Y5 to Y197, **Ricoh** Y13 to Y526, **Nippon Oil** Y25 to Y967 and **Nippon Kokan** Y3 to Y162.

Paris

Shares were mostly firmer in active trading on the last day of the monthly account and ahead of today's Ascension Day holiday.

News of an estimated 1.1 or 1.2 per cent rise in French consumer *prices in April had little impact* on sentiment.

In Electricals, **Cit-alcatel** fell FFr 19 to FFr 886 after announcing that its Indian telecommunications contract was worth a total of FFr 3.2bn.

Hong Kong

Stocks regained much of Tuesday's losses, having rebounded after losing further ground initially in reaction to the fresh overnight Wall Street decline. Brokers said the atmosphere improved following a firming of the Hong Kong dollar.

Trading was quiet until the last half-hour when fresh buying was cited in Utilities, and this attracted follow-through purchases elsewhere.

The Hang Seng Index, which fell 27.45 on Tuesday, rallied 26.05 to close at 1,360.10. Turnover on the four exchanges was a modest HK$176.65m in the short Wednesday session, against HK$238.34m in the full day's trade on Tuesday.

In Utilities, **HK Telephone** rose to HK$31.25 from the previous HK$29.80, **China Light** 30 cents to HK$16.40 and **HK Electric** 15 cents to HK$6.45.

Australia

Further overnight losses on major overseas markets prompted a continued decline on Australian markets, with local traders taking a cautious stance in the absence of foreign investment.

The All Ordinaries Index, declining for the fifth successive day, shed 2.5 to 514.0, while the Industrial marker lost 2.2 to 667.3 and the Resource indicator 2.8 to 389.4. The Transport sector took the hardest fall of 21.7 to 735.7.

Of the partners in the discovery well Kihee No. 1, **Bligh** was down seven cents to A$1.25, **Sydney Oil** was steady at 90 cents and **Pancontinental Petroleum** was also unchanged at 47 cents. A clean-up flow of 250 barrels of oil a day from Jackson No. 3 well had most of the participants closing unchanged. **Claremont** at 8 cents, **Vamgas** at A$8 and **Santos** at A$5.48.

TNT lost 10 cents to A$1.9 after its poor third-quarter to March. The Banks closed steady after the recent falls. **ANZ Bank** fell 5 cents in the morning before closing unchanged at A$4.

Comalco shed 10 cents to A$2.10 after the aluminium *price closed at a record low on* the London Metal Exchange.

Amsterdam

Prices closed mainly lower ahead of today's Ascension Day holiday, with Publishers and several Investment Funds leading the decline, while Internationals showed more modest losses.

Johannesburg

Gold shares firmed with the Bullion price ahead of today's Ascension Day holiday. However, the market continued easier elsewhere in quiet trading.

Germany

After Tuesday's decline, Bourse prices closed mixed to easier yesterday. The Commerzbank Index ended 2.3 lower at 698.5 for a two-day fall of 7.0.

In Chemicals, ***BASF***, weak since reporting a drop in first quarter profits, shed DM 1.20 to DM 125.80, while **Bayer** lost the same amount to DM 120.6. **Hoechst**, in which Kuwait is rumoured to have amassed a stake, lost DM 0.20 to DM 119.5.

CANADA

Stock	May 18	May 17
AMCA Intl.	17	17½
Abitibi	15½	16
Agnico Eagle	7	6⅞
Alcan Alumin	23⅛	23½
Algoma Steel	31⅛	31⅛
Asbestos	12¼	12¼
Bk. Montreal	19¼	19½
Bk.Nova Scotia	20½	20⅜
Basic Resources	3.20	3.30
Bell Canada	19⅞	20
Bow Valley	15⅝	15¾
BP Canada	29¼	30
Brascan A.	16¾	16¾
Brinco	4.05	4.05
B.C.Forest	9¾	9⅝
CIL Inc.	23½	22½
Cadillac Fairview	7¾	7⅝
Camflo Mines	6¾	6⅝
Can Cement	8⅝	8⅝
Can NW Energy	22½	23
Can Packers	30	29¾
Can Trusco	23	23
Can Imp Bank	20½	21
Can Pacific	27¾	28⅛
Can P. Ent	14⅜	14⅝
Can Tire	35¾	36
Chieftain	18½	19
Cominco	40½	40½
Cons Bathst A	14⅞	14¾
Cont Bk Canada	6¾	6¾
Coseka Res	5⅝	5½
Costain	6	6
Daon Devel	2.97	2.90
Denison Mines	20	20¾
Dome Mines	13	13
Dome Petroleum	8⅝	8¼
Dom Foundries A	32⅞	33⅛
Dom Stores	15⅝	15⅞
Domtar	18	18¼
Falcon Nickel	49¼	49¼
Genstar	12¼	12½
Gt. West Life	210	210
Gulf Canada	15⅛	15¼
Gulfstream Res.	2.70	2.80
Hawk Sid. Can.	8¾	9
Hollinger Argus	27	27
Hudson Bay Mng.	16¼	16⅜
Hudson's Bay	21½	21¾
Husky Oil	6⅞	7⅛

BELGIUM (continued)

May 19	Price Frs.	+ or —
Petrofina	4,705	—95
Royale Belge	4,900	—150
Soc. Gen. Banq.	2,795	....
Soc Gen Belge	1,156	—4
Sofina	3,345	+55
Solvay	1,900	—10
Tracton Elect.	2,840	+15
UCB	2,160	+20
VieilleMont	2,085	+15

DENMARK

May 19	Price %	+ or —
Andelsbanken	115.2	....
Baltica Skand	349.4	....
CopHandelsbank	126	....
D. Sukkerfab	329.2	+2
Danske Bank	126	....
East Asiatic	98	—1.6
Forende Berygg.	595	....
Forenede Damp.	397.4	+2.4
GNT Hldg.	267	—2
Jyske Bank	175	....
Nord Kabel	133	—1
Novo Ind.	1,630	—32
Papirfabrikker	91.0	....
Privatbanken	134.6	....
Provinsbanken	116	....
Smidth (Fl)	199.0	....
S. Berendsen	505	—14.4
Superfos	93.0	—1

FRANCE

May 19	Price Frs.	+ or —
Emprunt 4½% 1973	1,851	—12
Emprunt 7% 1973	6,625	+35
CNE 3%	3,040	....
Air Liquide	490	—7
Aquitaine	128	....
Au Printemps	173	+0.5

HOLLAND

May 19	Price Fls.	+ or —
ACF Holding	85	—0.5
Ahold	81.8	—1.1
AKZO	26.5	—1.4
ABN	294	—0.5
AMEV	93.7	+0.2
AMRO	53.8	—0.7
Bredero Cert.	199	—2
Boskalis Western	53.5	—0.8
Buhrmann-Tet	47.4	....
Caland Hldgs.	36.3	+0.7
Elsevier NDU	154	—4
Ennia	129	....
Euro Comm Tst.	75.7	....
Gist. Brocades	73.3	—0.8
Heineken	59.7	—1.1
Hoogovens	15.9	+0.1
Hunter Douglas	8.2	—0.1
Int Muller	22.4	+0.2
KLM	100	—1.7
Naarden	25.1	—0.1
Nat Ned cert.	118.2	+0.2
Ned Cred Bank	35.5	—0.1
Ned Mid Bank	142.5	—0.5
Ned Lloyd	119	—11.7
Oce Grinten	114.5	+0.5
Ommeren (Van)	25.9	—0.1
Pakhoed	41.1	+0.3
Philips	24.3	—0.2
Rijn-Schelde	27.2	—0.6
Robeco	209.5	—1.7
Rodamco	122.2	—0.1
Rolinco	208	—1.8
Rorento	149.8	—0.7
Royal Dutch	92.2	—1.0
Slavenburg's	94.3	....
Tokyo Pac Hg	219.5	—3.0
Unilever	156.5	—1.5
Viking Res	121	....
Vmf Stork	54	....
VNU	56.5	—1.3
West Utr Bank	86.6	—0.2

ITALY

May 19	Price Lire	+ or —
Assicur Gen.	139,550	+1800
Banca Com'le	34,200	+200
Bastogi Fin.	149.75	—3.25
Centrale	4,400	+50

AUSTRALIA

May 19	Price Aust. $	+ or —
ANZ Group	4.00	....
Acrow Aust	1.35	....
Ampol Pet	1.40	....
Assoc. Pulp Pap	1.56	+0.02
Audimco	0.11	....
Aust. Cons. Ind.	1.55	....
Aust. Guarant.	2.5	—0.1
Aust. Nat. Inds.	2.30	....
Aust. Paper	1.98	—0.01
Bank NSW	2.75	....
Blue Metal	1.58	+0.03
Bond Hldgs.	1.16	—0.01
Baral	2.60	....
Bl'ville Copper	1.30	—0.05
Brambles Inds.	2.25	—0.03
Bridge Oil	3.15	—0.05
BHP	8.14	—0.10
Brunswick Oil	0.19	....
CRA	3.20	—0.05
CSR	3.25	....
Carlton & Utd	2.26	....
Castlemaine Tys	3.85	....
Cluff Oil (Aust)	0.60	+0.03
Do. Opts	0.38	....
Cockburn Cemt.	1.30	....
Coles (G.J.)	2.20	....
Comalco	2.1	—0.1
Costain	1.80	....
Crusader Oil	5.1	+0.1
Dunlop	1.02	—0.01
Elder-Smith G.M.	3.15	—0.05
Endeavour Res.	0.25	....
Gen. Pro. Trust	1.59	....
Hartogen Energy	2.80	—0.05
Hooker	1.05	....
ICI Aust.	1.63	....
Jennings	1.25	—0.01
Jimb lana(50cFP	0.19	....
Jones (D)	1.60	+0.02
Kia Ora Gold	0.10	....
Leonard Oil	0.16	....
MIM	3.10	—0.04
Meekatharra Ms.	2.40	....
Meridian Oil	0.20	—0.01
Monarch Pet.	0.08	—0.01
Myer Emp.	1.31	—0.04
Nat. Bank	2.75	....
News	2.30	....
Nicholas Kiwi	1.45	+0.01
North Bkn Hill	1.95	—0.02
Oakbridge	1.47	+0.02
Otter Expel	0.38	....
Panoon	1.68	—0.02
Pan Pacific	0.15	....
Pioneer Co.	1.40	—0.02

JAPAN (continued)

May 19	Price Yen	+ or —
Kubota	330	....
Kumgaal	434	....
Kyoto Ceramic	3,530	+5[illegible]
Lion	386	+1
Maeda Cons	580	+2
Makita	740	—6
Marubeni	290	....
Marudai	619	+9
Marui	950	+2[illegible]
Matsushita	1,160	....
M'ta Elec Works	567	+7
M'bishi Bank	500	....
M'bishi Corp.	556	—2
M'bishi Elect.	300	+6
M'bishi RI East	455	+5
MHI	219	—1
Mitsui Co.	327	+8
Mitsui RI Est.	657	—8
Mitsu-koshi	361	—1
NGK Insulators	516	—1
Nippon Denso	1,200	+5[illegible]
Nippon Gakki	700	+5
Nippon Meat	399	+1
Nippon Oil	967	—1[illegible]
Nippon Shinpan	865	—6
Nippon Steel	164	—1
Nippon Suisan	218	—1
NTV	4,250	—2[illegible]
Nissan Motor	838	+1[illegible]
Nisshin Flour	353	—1
Nisshin Steel	167	—1
Nomura	454	—6
NYK	276	+1
Olympus	918	+1[illegible]
Orient	1,380	....
Pioneer	1,490	+3[illegible]
Renown	755	—3
Ricoh	526	—1[illegible]
Sanyo Elect.	449	+3
Sapporo	268	—1
Sekisui Prefab	725	—6
Sharp	827	+2[illegible]
Shiseido	900	+1[illegible]
Sony	3,770	—60
Stanley	365	+10
S'tomo Marine	228	....
Taihei Dengyo	537	—5
Taisei Corp.	267	—8
Taisho Pharm.	611	+6
Takeda	880	+5
TDK	3,840	+10
Teijin	233	....
Teikoku Oil	920	—10
TBS	459	—1
Tokio Marine	485	—2

Slide in markets continues in the face of Continental selling—Index down 10.5 and falls to $\frac{3}{4}$ in Gilts

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Apr 26	May 13	May 14	May 24
May 17	June 3	June 4	June 14
June 7	June 17	June 18	June 28

* " New time " dealing may take place from 9 am two business days earlier.

London stock markets sustained another sharp setback yesterday on the prospect of full military confrontation over the Falkland Islands. The slide in equity values which began last Monday gathered momentum and leading shares, although above the day's lowest in many cases, still finished with falls ranging to double figures. British Funds also gave ground, *dullness here* being more pronounced than on Tuesday.

Apart from the Falklands, the marked deterioration in senti*ment yesterday was also in*fluenced by Common Market developments and, to a lesser extent, by worries about any likely backwash from the failure of the Wall Street securities firm, Drysdale Government, Securities.

Leading industrials made a relatively steady start, but some sizeable selling emanating from the Continent found the market in no mood to absorb stock. This was well illustrated by the FT *30-share index which extended a* fall of 1.7 at 10 am to one of 12.1 at 1 pm. A subsequent technical rally left the index 10.5 down on balance for a three-day drop of 28.7, nearly 5 per cent.

The FT Actuaries All-Share index slipped down to 326.81, which compares with its recent May 10 peak of 338.53.

Yesterday's weakness in sterling and continuing upward pressures on short-term interest rates contributed to the setback in British Funds which also encountered overseas selling.

In thin and sensitive trading conditions, dealers backed away from offerings and final quotations recorded falls extending to $\frac{3}{4}$ at both ends of the market. The Government securities index fell 0.55 more to 68.52.

Grindlays retreat

Disappointment in the *absence of bid terms with the* midday revelation that Bahrain and Middle East Bank were the recent buyers of Mass Development of Kuwait's 11 per cent *stake in Grindlays, the latter's* share price fell from an initial firm level of 235p to 215p on the liquidation of speculative positions before closing 12 down on balance at 216p. Elsewhere, Lloyds fell 7 to a 1982 low of 388p *on further consideration* of LBI's disappointing interim results and fresh concern about the group's Argentinian interests. **Barclays** lost 4 to 458p and **NatWest** eased 2 to 418p, after 416p.

Merchant banks also came on offer with **Hambros** notable for a fall of 7 at 123p. Recently firm on hopes of a bid from Britannia Arrow, **Minster Assets** softened 2½ to 77½p.

Insurances succumbed to the general malaise with Composites leading the retreat. **Sun Alliance** dipped 18 to 752p and **Royals** 12 to 325p. **Pearl**, 362p, and **Hambro Life**, 287p, lost 10 apiece among Life issues with **London and Manchester** cheapening 6 to 220p. Elsewhere, **Minet** gave up 3 to 188p, after 185p, in the absence of the much-rumoured U.S. bid. Further profit-taking after the good results left **C. E. Heath** *down 6 more at 326p.*

Occasional falls in the Brewery sector included **Whitbread A** and **Bass**, both down 3 at 110p and 226p respectively. Elsewhere, **Irish Distillers** provided a bright spot at 65p, up 7, in response to the interim results.

After Tuesday's late reaction of 14 on talk that a large line of shares was on offer, **Blue Circle** shed 16 more to 464p, following the chairman's profits *warning. Redland lost 6 to 168p* following the successful bid for Cawoods, while **Costain**, a poor market since the preliminary results, gave up a like amount to 258p. **London Brick** closed 2 cheaper at 97p despite the chairman's optimistic statement at the annual meeting. **Cement Roadstone** shed 3 to 59p following the company's gloomy statement on current trading. **George Wimpey** declined 4 to 111p and **Barratt Developments** 3 to 287p. *Against* the trend, renewed speculative demand in a thin market lifted **Breedon and Cloud Hill** 4 to 180p, while **Tilbury Group** added 5 to 440p for a similar reason. **Stanley Miller** came in for support and put on 1½ to a 1982 peak of 15p.

A few pence firmer at the out*set, ICI drifted back to 312p for* want of attention before closing just 2 cheaper on balance at 314p. **Fisons** shed 4 to 310p, but **Amersham** held at 212p. Among other Chemicals, recently firm **Leigh Interests** shed 5 to 104p; the preliminary results are due soon. **Coalite** and **Brent Chemicals** gave up 2 apiece to 1982 lows of 109p and 114p respectively.

Millets Leisure became a firm feature in the Stores sector, *rising 11 to 114p, after 118p,* on the announcement that Nottingham Manufacturing holds 517,000 shares in the company and **Greenfields Leisure** advanced 4 for a two-day jump of 6 to 35p on Nottingham Manufacturing's holding a near-10 per cent stake. Still reflecting bid hopes, **J. Hepworth** put on 4 afresh to 110p. **Gussies A** fell 10 to 480p among the dull leaders with **Habitat** giving up 4 to 140p and **Debenhams** 3 to 71p.

A late rally halved early falls to 8 in leading Electricals. **GEC** *finished only a few pence off at* 885p, after 880p, while **Plessey** gave up 4 to 418p, after 415p. Elsewhere, **Telephone Rentals** lost 10 to 312p and **Electrocomponents** fell 8 to 180p as did **Eurotherm**, to 415p. **Fidelity Radio**, on the other hand, rose 2 to 60p on an investment recommendation and **Muirhead** put on 3 to 138p following a broker's circular.

Dull conditions prevailed in Engineerings. Ahead of today's AGM, **Spear and Jackson** cheapened 6 to 88p, while **Chemring** reacted 15 more to 350p and **Pegler-Hattersley** declined 6 to 208p. **Redman Heenan** softened a penny to 52p on the interim deficit, while **Laird** gave up a few pence to 116p. **M. L. Holdings** contrasted with a fresh improvement of 5 to 300p and **F. Pratt** revived with a similar gain to 60p.

Foods went with the general trend, **Tate and Lyle** losing 4 *to 182p* and **British Sugar** 5 to 450p. **Northern**, 154p, and **Rowntree Mackintosh**, 172p, shed 2 apiece, while **Cadbury Schweppes** lost a penny to 97p. Among Retailers, **J. Sainsbury** cheapened 5 to 600p and **Associated Dairies** 2 to 118p, while **William Morrison** shed 4 to a 1982 low of *132p. Amos Hinton added 3 for* a two-day gain of 10 to 320p on the good annual results.

Grand Metropolitan reacted to 206p on revived rights issue rumours before steadying to close 3 cheaper on balance at 209p.

The prospect of escalating military conflict in the Falklands depressed the miscellaneous industrial leaders further yesterday and closing falls ranged to 14. A rising market last week on hopes that the group's Zantac anti-ulcer drug might soon receive U.S. approval, **Glaxo** declined 14 to 656p, after 654p. **Unilever** fell 11 to 585p and **Boots** 8 to 226p, while **Beecham**, 266p, and **Bowater**, 202p, lost 6 apiece. Secondary issues were featured by a fresh show of strength in recent speculative favourite **Johnson Group Cleaners**, which advanced 9 to 242p ahead of today's AGM. **Camrex** rose 4 to 59p on revived hopes of a bid from Hawley, while Far East influences prompted a rise of 10 to 166p in **Jardine Matheson** and a gain of 8 to 165p in **Hutchison Whampoa**. **Redfearn National Glass** dipped *3 to 147p after the interim state*ment and **Mettoy** lost the turn to 8p in the wake of the annual report. **De La Rue** lost 13 to 527p and falls of 9 and 7 respectively were *recorded in defence issues*, **Diploma**, 247p, and **Smiths Industries**, 335p.

Motors met scrappy selling, **Dunlop** losing 2 to 66p and **Lucas Industries** 5 to 186p. Aerospace concern **Dowty** gave up 3 to 125p, but **Flight Refuelling** hardened a penny to 274p. Among Distributors, **British Car Auction** came on offer and shed 3 to 92p, as did **Lex Service**, to 116p. **Henlys** eased 2 to 92p and **Kenning Motor** 2½ to 57p.

A couple of firm spots emerged in Newspapers; **Associated** touched 228p before closing a net 7 up at 315p on the announcement of an oil discovery by operators Hamilton Brothers Oil and Gas in the Bruce Field in which Associated has an 8.33 per cent stake. In sympathy, **Daily Mail A** closed 8 higher at 428p, after 433p. **Hamilton Oil G.B.**, holders of a nominal stake in the venture, touched 120p before reacting to close 4 down on balance at 105p. Elsewhere, **International Thomson** gave up 13 to 320p.

After the previous day's jump of 53 on the abortive dawn raid and subsequent bid at 120p per share, **Bemrose Corporation** touched 131p before settling 2 cheaper on balance at 127p; bidders **Bunzl** shed 5 for a two-day fall of 13 to 175p.

Oils subdued

Oils remained subdued despite Shell's better-than-expected first-quarter results. After touching 422p on the announcement, **Shell** drifted back to close unchanged on balance at 414p. **British Petroleum** reverted to the overnight level of 310p, after 316p. Lethargic conditions also persisted outside the leaders. **Ultramar** drifted off *to close 7 cheaper* at 413p, while **Lasmo** slipped to 325p before picking up to finish unchanged on balance at 330p. **Carless Capel** softened a penny to 163p with the new nil-paid shares 4 down at 24p premium. Canadians remained dull, **Humbolt Energy** losing 2 more to 10p and **Sceptre Resources** shedding 20 for a two-day fall of 47 to 240p.

Trusts were usually a few pence lower while, in Financials, **Aitken Hume** gave up 5 to 190p after recent firmness and **Exco International** eased 3 to 195p.

Shippings were inclined easier, with **Common Bros** closing 5 cheaper at 195p after the interim results.

Tobaccos came under pressure, but staged a modest rally in late dealings. **Bats** ended 8 down on *balance at 430p, after 427p*, and **Imperial** 3 cheaper at 93p, after 92p. **Rothmans** dipped to 89p on fading bid hopes before settling a net 3½ down at 91p.

Moran Tea lost 6 to 292p on the disappointing interim statement. Elsewhere in Plantations, **Harrisons Malaysian Estates** hardened a couple of pence to 145p following the 9-month figures.

Golds advance

South African Golds staged a fresh and substantial advance as the bullion price rose $5.25 more to $342.5 an ounce amid growing concern over the increasing pos*sibility of a British invasion of* the Falkland Islands.

A substantial amount of the buying was reported to have emanated from the Continent and Johannesburg.

The Gold Mines index gained a further 7.5 to 247.8 bringing the rise over the past six trading days to 21.8.

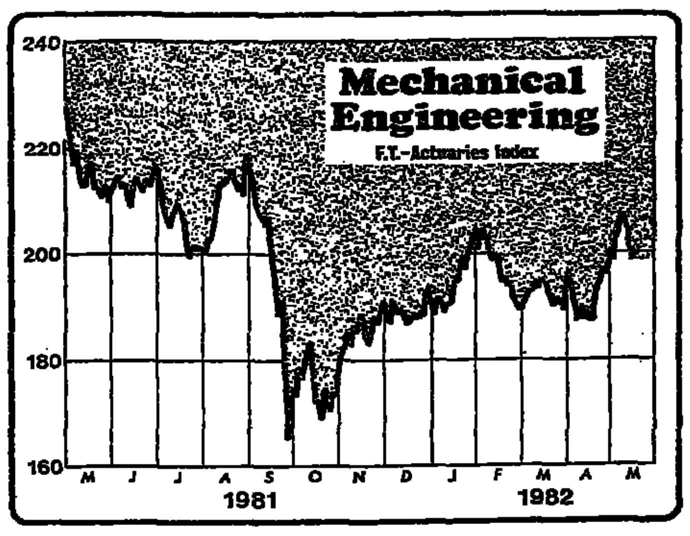
Among the heavyweights, **Hartbeest** closed a full point higher at £23½, while gains of ½ and more were common to **Kloof**, £14, *Southvaal, £12⅞*, **Western Deep**, £13, and **Western Holdings**, £18½.

In the medium and lower-priced issues, **Kinross** were again outstanding and 41 to the good at for a two-day rise of 67 to 368p.

News of encouraging oil and gas flows from two appraisal wells in the Bruce Field of the North Sea, in which RTZ has a 23.3 per cent interest, led to heavy buying of **Rio Tinto-Zinc** which put on 10 to 440p, having touched 444p in early trading.

Australians were little changed after quiet and routine trading, but Tins provided a feature in **Pengkalen** which improved 15 to 305p on speculative demand.

Activity in Traded Options improved considerably and contracts completed yesterday rose to 2,260-1,900 calls and 360 puts. **Imps** were particularly favoured, recording 920 deals, comprising 868 calls of which 380 were arranged in the August 100 series.



FINANCIAL TIMES STOCK INDICES

	May 19	May 18	May 17	May 14	May 13	May 12	A year ago
Government Secs	68.52	69.07	69.34	69.15	69.21	69.41	66.79
Fixed Interest	69.45	69.81	69.74	69.97	69.90	69.78	68.57
Industrial Ord.	561.9	572.4	575.8	590.0	585.2	590.9	544.8
Gold Mines	247.8	240.3	236.4	235.9	231.8	229.8	366.0
Ord. Div. Yield	5.51	5.43	5.39	5.27	5.32	5.30	6.05
Earnings, Yld. % (full)	11.44	11.22	11.14	10.90	11.00	11.04	11.85
P/E Ratio (net) (*)	10.67	10.89	10.96	11.21	11.11	11.16	10.61
Total bargains	15,179	17,043	16,947	17,790	15,467	16,212	22,222
Equity turnover £m.	—	115.61	111.36	167.18	146.69	175.45	149.06
Equity bargains	—	11,992	13,690	15,835	15,387	14,804	15,266

10 am 570.7. 11 am 566.7. Noon 561.8. 1 pm 560.3.
2 pm 560.7. 3 pm 561.4.

Basis 100 Govt. Secs. 10/1026. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/56. SE Activity 1974.

Latest Index 01-246 8026.

* Nil=9.89.

HIGHS AND LOWS

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	69.55 (25/5)	61.89 (5/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	69.97 (14/5)	62.79 (7/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	590.9 (12/5)	518.1 (5/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	303.0 (5/1)	209.2 (9/3)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	May 18	May 17
—Daily		
Gilt Edged Bargains	143.5	165.3
Equities Bargains	77.7	88.7
Equities Value	229.6	225.1
5-day Avrge.		
Gilt-Edged Bargains	157.5	162.7
Equities Bargains	92.9	96.8
Equities Value	288.7	303.6

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
May 10	May 21	Aug 12	Aug 23
May 24	June 11	Sept 2	Sept 13
June 14	June 25	Sept 16	Sept 27

For rate indications see end of Share Information Service

Money was given for the call of Chubb, Imperial Group, Black and Edgington, Consolidated Gold Fields, Racal, UDS, Humberside *Electronic* Controls, J. Hepworth and British Printing Corporation. No puts were reported, but double options were arranged in Courtaulds, ICI, Humberside Electronic Controls and Imperial Group.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1982 High	1982 Low	Stock	Closing price p	+ or —	Div. p. or amount	Times Covered	Gross Yield	P.E. Ratio
140	F.P.	14/5	170	140	AIM Group 10p	165	—5	bd5.75	1.9	5.0	14.8
¶250	—	23/6	270	265	Assoc. Heat Services	270	......	b9.0	2.1	4.8	15.7
§90	F.P.	—	94	92	*Black (Michael) 20p	94	+1	u3.0	2.4	4.6	15.0
15	F.P.	15/4	32	19	Cambrian & Gen. 7½p	29	—5	—	—	—	—
§105	F.P.	21/5	109	105	*Cass Group 10p	108	......	ud2.5	2.8	3.5	15.5
§260	F.P.	4/6	375	293	*Cont. Microwave	355	......	b5.25	3.9	2.1	16.2
50	F.P.	28/5	62	59	*DeBrett (Andre) 10p	60	+1	b2.5	2.1	6.0	11.4
§102	F.P.	—	135	122	Dew (George)	125	......	g5.7	4.0	6.5	5.5
§130	F.P.	28/5	151	140	*Druck Hldgs.	150	......	b2.3	2.5	2.2	26.0
§87½p	F.P.	25/6	98	88	El'tro-Pr'te Cp US$0.50	88	—4	uQ1.5c	8.9	0.9	11.9
—	—	—	17	10	ΔGr'p Inv Option Crts	15	—1	—	—	—	—
§250	F.P.	14/3	250	245	*Io Technology	247	......				
‡‡	F.P.	—	275	260	*Jebsens Drilling	260	—1	b17.5	2.3	9.6	6.6
§120	F.P.	7/6	134	117	*Leisure Inds.	117	—3	b5.0	2.8	6.1	8.2
136	F.P.	13/5	141	134	Standard Secs.	134	......	b2.8	1.2	3.0	40.2
¶¶	F.P.	—	90	60	Zambia Cons Cpr 10K	60	—10	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price £	+ or —
§99.385	£25	14/7	25	21½	Cred. Foncier de France 14⅞% Lon. 2007	23½	—1
¶100	£10	1/7	12¼	11½	East Anglia Water 9% Red. Prf. 1987	12¼	......
¶¶	F.P.	—	136	136	First Nat. 12½pc Conv. Uns. Ln. 1987	136	......
¶100	F.P.	—	47	39	Grt. N'rth'n Inv. 4pc Net Cum. Prf. £1	47	......
¶100	F.P.	—	46	45	Do. 4.7pc Net Cum. Prf. £1	46	......
¶100	£10	—	11	11	Mid-Southern Wtr. 9% Pref. 1987	11	......
§100	F.P.	—	100⅞	100$\frac{1}{16}$	Nationwide Bdg. Soc. 14¾% (25/4/83)	100½	......
§100	F.P.	—	100	99⅞	Do. 13⅞% (23/5/83)	99⅞	......
¶107	F.P.	29/4	113½	109½	Queens Moat 10½% Cnv. '89-91	112	—1½

"RIGHTS" OFFERS

Issue price p	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ■	1982 High	1982 Low	Stock	Closing price p	+ or —
10	F.P.	27/4	28/5	13¾	13	Ansbacher (H.) 5p	11¾	......
170	F.P.	13/5	24/6	190	180	Bank Leumi (UK) £1	185	......
125	F.P.	21/4	28/5	161	135	Beazer (C. H.) 10p	161	+1
A$1	Nil	24/5	7/6	16½pm	3½pm	Bond Corp.	5½pm	—4
135	Nil	28/5	9/7	44pm	28pm	Carless Capel 10p	24pm	—4
20	F.P.	30/4	28/5	86	40	Fisher (A.)	40	—2
5	F.P.	10/5	21/6	6	5	Grovebell (5p)	5	—½
10	Nil	—	—	12½	10	Hallam, Sleigh & Cheston	10	......
500	F.P.	20/5	18/6	590	575	Hammerson Prop.	585	......
500	F.P.	29.5	18.6	575	530	Do. A	535	......
120	F.P.	7/5	4/6	169	144	Lilley (F.J.C.)	170	......
145	F.P.	12/5	7/6	187	176	Low (Wm.) 20p	176	......
18	Nil	21/5	4/6	14pm	3pm	North Kalguri	4pm	......
6	F.P.	19/4	21/5	8	6½	Platignum 5p	8½	......
27	F.P.	29/4	27/5	29½	26½	Queens Moat	28½	—½
98	F.P.	16/4	4/6	107	99	Riley Leisure	106	......
170	F.P.	14/5	11/6	284	272	Steel Bros.	242	......
10	F.P.	24/3	23/4	12½	10½	Sturla 10p	11	—½
133	F.P.	10/5	10/6	160	146	Vickers (£1)	152	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures *based on prospectus estimate.* *d* Dividend rate paid or payable on part of capital: cover based on dividend on full capital. *g* Assumed dividend and yield. *t* Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Φ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking *only for restricted* dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✻ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ‡‡ Unit comprising five ordinary and three Cap. shares. Δ Issued free as an entitlement to ordinary holders.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Beecham	266	− 6	Hepworth (J.)	110	+ 4
Blue Circle	464	−16	Imperial Group	93	− 3
Glaxo	656	−14	Milletts Leisure	114	+11
Grand Met.	209	− 3	Redland	168	− 6
Grindlays	216	−12	RTZ	440	+10
Hamilton Oil	105	− 4	Shell Transport	414	—

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in S.E. Official List

Stock	No. of price changes	Tuesday's closing price pence	Day's change	Stock	No. of price changes	Tuesday's closing price pence	Day's change
Bemrose	18	129	+53	Nat. West.	10	420	+ 2
Haslmre Ests.	15	362	− 2	RTZ	10	430	− 3
Minet Hldgs.	15	191	+ 4	Shell Trans.	10	414	− 2
Glaxo	13	670	− 7	BP	9	310	− 4
Unilever	13	596	−14	Hwkr. Sid'ley	9	320	—
BTR	10	318	− 8	Racal Elect.	9	410	− 7
GEC	10	888	− 2	Royal Ins.	9	337	—

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Wed May 19 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues May 18 Index No.	Mon May 17 Index No.	Fri May 14 Index No.	Thur May 13 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (208)	380.95	−0.9	9.56	4.25	12.89	384.25	388.25	392.12	391.68	339.74
2	Building Materials (23)	335.88	−1.1	13.63	5.25	8.64	339.53	346.21	347.60	347.48	305.78
3	Contracting, Construction (28)	608.66	−1.7	14.16	5.05	8.29	618.91	623.27	627.75	631.02	568.96
4	Electricals (31)	1377.30	−0.6	6.77	2.15	18.90	1386.06	1396.88	1409.79	1399.18	1027.78
5	Engineering Contractors (10)	478.51	−1.2	13.81	6.39	8.63	484.39	484.53	498.02	499.78	491.94
6	Mechanical Engineering (67)	198.79	−1.0	11.51	5.82	10.53	200.77	202.59	204.04	204.40	212.62
8	Metals and Metal Forming (11)	162.26	−0.6	10.51	7.32	11.95	163.29	164.63	168.35	168.78	167.48
9	Motors (20)	91.70	−2.4	0.84	7.43	—	93.98	94.96	96.31	96.82	105.35
10	Other Industrial Materials (18)	362.11	−0.3	10.12	5.85	12.09	363.14	369.52	375.41	379.48	367.22
21	CONSUMER GROUP (201)	301.78	−1.5	13.03	5.66	9.32	306.32	308.97	315.36	312.95	279.50
22	Brewers and Distillers (21)	307.04	−1.4	15.34	6.44	7.88	311.49	315.20	317.66	313.65	304.51
25	Food Manufacturing (22)	262.30	−1.1	17.50	7.10	6.70	265.31	269.47	276.14	275.52	253.22
26	Food Retailing (14)	581.97	−0.9	9.73	3.66	12.43	586.96	583.56	595.61	589.49	521.97
27	Health and Household Products (8)	451.19	−2.1	7.66	3.59	15.16	460.66	463.68	474.99	467.37	383.01
29	Leisure (24)	444.78	−0.9	10.22	5.10	12.19	448.68	452.24	457.30	454.33	423.68
32	Newspapers, Publishing (12)	526.56	+0.4	12.80	5.95	9.99	524.63	523.87	529.87	531.60	587.90
33	Packaging and Paper (14)	143.64	−1.7	15.91	7.40	7.31	146.16	146.88	148.97	148.00	144.72
34	Stores (45)	275.06	−1.6	10.78	4.99	12.41	279.64	282.60	288.98	287.91	281.98
35	Textiles (23)	170.42	−1.3	10.59	5.84	12.12	172.66	174.43	180.46	179.87	155.96
36	Tobaccos (3)	321.89	−2.3	22.71	8.54	4.96	329.46	338.96	344.71	339.55	248.78
39	Other Consumer (15)	285.87	−1.9	0.48	5.27	—	291.39	292.93	298.63	292.38	303.90
41	OTHER GROUPS (78)	251.29	−1.2	13.72	6.35	8.78	254.44	256.29	259.38	259.53	229.56
42	Chemicals (16)	331.48	−0.7	13.87	7.01	8.59	333.94	335.24	340.43	340.03	287.82
44	Office Equipment (4)	110.95	−2.0	14.52	7.87	8.40	113.26	112.82	115.35	114.09	113.32
45	Shipping and Transport (13)	555.95	−1.0	20.26	7.41	5.98	561.75	565.18	576.13	576.80	562.80
46	Miscellaneous (45)	323.75	−1.7	11.65	5.17	10.44	329.24	333.37	335.13	336.39	297.04
49	INDUSTRIAL GROUP (487)	321.85	−1.2	11.82	5.23	10.30	325.82	328.79	333.90	332.52	293.35
51	Oils (13)	732.73	−0.1	21.60	7.99	5.25	733.56	740.69	751.78	742.67	831.43
59	500 SHARE INDEX	355.28	−1.0	13.43	5.67	8.90	359.01	362.32	367.91	365.91	336.21
61	FINANCIAL GROUP (117)	244.47	−1.3	—	6.78	—	247.65	248.69	249.80	250.75	248.29
62	Banks (6)	264.39	−1.0	39.59	8.13	2.76	267.15	269.23	267.01	269.33	247.80
63	Discount Houses (9)	233.60	−1.1	—	9.72	—	236.21	236.21	238.76	238.63	283.21
65	Insurance (Life) (9)	255.19	−2.2	—	7.17	—	260.94	261.60	264.54	266.30	250.81
66	Insurance (Composite) (10)	149.74	−1.8	—	9.45	—	152.55	153.22	157.41	156.99	154.81
67	Insurance Brokers (7)	485.37	−1.8	11.41	5.35	11.90	494.35	498.43	492.77	492.31	376.72
68	Merchant Banks (12)	144.19	−2.2	—	5.88	—	147.50	148.07	147.83	148.22	156.39
69	Property (49)	419.92	−0.6	5.26	3.76	25.25	422.38	423.63	424.94	427.81	478.51
70	Other Financial (15)	176.89	−0.5	17.80	6.46	6.49	177.73	177.15	175.99	175.11	178.60
71	Investment Trusts (112)	301.17	−0.7	—	5.37	—	303.30	304.22	305.76	305.49	303.45
81	Mining Finance (4)	208.73	+1.6	14.96	6.75	8.38	205.38	207.01	207.53	209.42	267.82
91	Overseas Traders (17)	356.97	−0.7	14.73	8.91	8.30	359.47	361.86	363.86	367.50	481.99
99	ALL-SHARE INDEX (750)	326.81	−1.0	—	5.91	—	330.10	332.73	336.93	335.87	318.42

FIXED INTEREST

	PRICE INDICES	Wed May 19	Day's change %	Tues May 18	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	111.04	−0.36	111.44	—	4.61
2	5-15 years	111.12	−0.67	111.86	—	4.43
3	Over 15 years	114.12	−0.74	114.97	—	5.22
4	Irredeemables	117.76	−1.27	119.26	—	6.07
5	All Stocks	111.77	−0.60	112.45	—	4.72
6	Debentures & Loans	87.42	−0.20	87.60	—	4.81
7	Preference	64.51	−0.14	64.60	—	3.13

	AVERAGE GROSS REDEMPTION YIELDS		Wed May 19	Tues May 18	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	11.64	11.49	12.08
2		15 years	12.74	12.62	12.72
3		25 years	12.78	12.65	12.85
4	Medium Coupons	5 years	14.12	13.96	13.95
5		15 years	13.87	13.74	14.45
6		25 years	13.38	13.27	14.06
7	High Coupons	5 years	14.05	13.89	13.95
8		15 years	14.06	13.95	14.62
9		25 years	13.59	13.49	14.26
10	Irredeemables †		12.45	12.28	12.29
11	Debs & Loans	5 years	14.95	14.93	14.99
12		15 years	14.79	14.76	15.05
13		25 years	14.68	14.63	15.03
14	Preference †		15.34	15.32	14.97

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1982

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1982.

NEW HIGHS (16)

AMERICANS (1)
Lowes

BANKS (1)
Grindlays

BEERS (1)
Irish Distillers

BUILDINGS (2)
Breedon Lime — Miller (Stan.)

STORES (3)
Greenfields — Milletts Leisure
Hepworth (J.)

ELECTRICALS (1)
Muirhead

FOODS (1)
Safeway

INDUSTRIALS (2)
Camrex — Jardine Matheson

LEISURE (1)
Samuelson

NEWSPAPERS (2)
Associated News — Daily Mail A

PROPERTY (1)
Beazer (C. H.)

NEW LOWS (68)

AMERICANS (3)
Crown Zellerbach — Mfrs. Hanover
Lone Star

CANADIANS (5)
Bank Montreal — Royal Bank Canada
Can. Imperial Bank — Trans Can. Pipe
Inco

BANKS (2)
Lloyds Bank — Royal Bk. Scotland

CHEMICALS (2)
Brent Chemicals — Coalite

STORES (1)
Allebone

ELECTRICALS (2)
Chloride 7½pc Com. Conv. Pref. — Telephone Rentals

ENGINEERING (4)
Danks Gowerton — Eva Inds.
Desoutter — Spear & Jackson

FOODS (6)
Cullens A — Squirrel Horn
Lennons Group — Tate & Lyle
Morrison (W.) — United Biscuits

INDUSTRIALS (16)
Amalg'd Metal — De La Rue
Barget — Gieves Group
Bellair Cosmetics — Long & Hambly
Bowater — Mettoy
Brengreen — Do. Deld.
Burco Dean — Peek Hldgs.
Caravans Intl. — Rank Organisation
Dalgety — Stonehill Hldgs.

INSURANCE (5)
Alexander & Alex. — Pearl
General Accident — Sun Alliance
London & Manch.

LEISURE (1)
Man. Agcy. & Music

MOTORS (7)
Appleyard — Jessups
BSG Intl. — Quick (H. & S.)
Caffyns — Young (H.)
Henlys

PROPERTY (5)
Allnatt London — Lynton Hldgs.
Churchbury Ests. — Peachey
Ests. Prop. Inv.

SHIPPING (1)
Common Bros.

SHOES (1)
Scott (David)

OILS (2)
Sceptre Res. — Westford Pet.

OVERSEAS TRADERS (4)
Crosby House — Harrison Crosfield
Gill & Duffus — Mitchell Cotts

MINES (1)
Metramar Mines

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	88	2
Corpns Dom & Foreign Bonds	1	38	38
Industrials	98	467	778
Financial & Props	41	180	289
Oils	6	39	62
Plantations	4	1	18
Mines	55	20	84
Others	27	74	62
Totals	234	926	1,303

CURRENCIES and MONEY

Dollar recovers

The dollar recovered in currency markets yesterday as U.S. interest rates were mostly firmer. Trading was extremely thin with most of Europe closed today for a holiday.

Sterling fell on further signs that a peaceful solution to the Falkland Islands crisis was unlikely with rates tending to fluctuate quite sharply in thin and nervous trading.

DOLLAR — Trade-weighted index 113.4 against 113.2 on Tuesday and 106.5 six months ago. Three-month Treasury bills 12.94 per cent (9.95 per cent six months ago). Annual inflation rate 6.8 per cent (7.7 per cent previous month) — The dollar rose to DM 2.3205 against the D-mark from DM 2.3150 and SwFr 1.9780 from SwFr 1.9680. It was also higher against the yen at Y239.10 from Y236.90 and FFr 6.0550 against FFr 6.0125 in terms of the French franc.

STERLING — Trade weighted index 89.6 unchanged from lunchtime and down from 90.0 at the opening and 90.0 on Tuesday (90.6 six months ago). Three-month interbank 13 7/8 per cent (14 13/16 per cent six months ago). Annual inflation 10.4 per cent (11.0 per cent previous month).

Sterling opened at $1.8120 against the dollar but fell to a low of $1.7930 late in the day before finishing at $1.7960-1.7970, a fall of 1.75c, its lowest level for two weeks. Against the D-mark it fell to DM 4.17 from DM 4.20 and SwFr 3.5550 from SwFr 3.5725. It was also lower against the French franc at FFr 10.8750 compared with FFr 10.9050.

D-MARK — EMS member (strongest). Trade weighted index 125.3 against 125.0 on Tuesday and 122.4 six months ago. Three-month interbank 8.95 per cent (10.90 per cent six months ago). Annual inflation 5 per cent (5.2 per cent previous month) — The D-mark was slightly firmer overall in Frankfurt yesterday in thin trading ahead of today's national holiday. The dollar was fixed at DM 2.3159 compared with DM 2.3194 on Tuesday, having recovered from an early quotation of DM 2.3070. Elsewhere sterling slipped to DM 4.1710 from DM 4.1860 and the Swiss franc was lower at DM 1.1720 from DM 1.1759. Within the EMS the Belgian franc fell to DM 5.294 per BFr 100 from DM 5.297 and the French franc was weaker at DM 38.39 per FFr 100 from DM 38.42.

BELGIAN FRANC—EMS member (second weakest). Trade weighted index 95.8 against 95.7 on Tuesday and 106.6 six months ago. Three-month Treasury bills 13.75 per cent (15 per cent six months ago). Annual inflation 8.4 per cent (7.1 per cent previous month)—The Belgian National Bank spent the equivalent of BFr 7.6bn last week in defending the Belgian franc in the foreign exchange market, according to figures released yesterday. This was up from BFr 1.9bn the previous week and reflected a weaker tendency in the franc last week, being fixed at its floor level against the D-mark on one occasion. The dollar was fixed at BFr 43.7575 yesterday against BFr 43.8525 while sterling slipped to BFr 78.8550 from BFr 79.0475.

SWISS FRANC — Trade weighted index 146.4 against 146.7 on Tuesday and 153.5 six months ago. Three-month interbank 3⅞ per cent (9⅝ per cent six months ago). Annual inflation 5.6 per cent (4.7 per cent previous month)—The Swiss franc was easier against the dollar in Zurich yesterday in very quiet trading. The dollar was quoted at SwFr 1.9785 up from SwFr 1.9743 at the opening, reflecting a fall in Swiss interest rates as the Swiss authorities ensured that domestic liquidity levels remained high.

THE POUND SPOT AND FORWARD

May 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7930-1.8120	1.7960-1.7970	0.21-0.31c dis	−1.74	0.60-0.70dis	−1.45
Canada	2.2130-2.2510	2.2210-2.2220	0.50-0.60c dis	−2.97	1.35-1.45dis	−2.52
Nethlnd.	4.61-4.66	4.63-4.64	2-1½c pm	4.53	5¼-4¾ pm	4.31
Belgium	78.40-79.20	78.70-78.80	15-25c dis	−3.05	53-63 dis	−2.95
Denmark	14.13-14.21	14.15-14.16	7¼-8½ore dis	−6.63	18¾-20¼dis	−5.51
Ireland	1.2025-1.2085	1.2030-1.2040	0.55-0.71p dis	−6.48	1.82-1.98dis	−6.31
W. Ger.	4.15-4.19	4.16½-4.17½	1⅞-1⅜pf pm	4.68	5-4½ pm	4.56
Portugal	126.25-128.25	127.00-127.50	115-285c dis	−18.88	315-1000	−20.67
Spain	185.00-186.50	185.35-185.55	50-70c dis	−3.88	200-235 dis	−4.69
Italy	2,303-2,324	2,311-2,313	19-23 lire dis	−10.90	56-64 dis	−10.55
Norway	10.72-10.82	10.75-10.76	3¼-4⅞ore dis	−4.31	8½-9¾ dis	−3.37
France	10.83-10.91	10.87-10.88	17½-19½c dis	−20.41	37-40 dis	−14.16
Sweden	10.41-10.60	10.44-10.45	¼ore pm-⅛ dis	0.43	⅛ pm-⅛ dis	−0.05
Japan	426-433	429-430	2.55-2.25y pm	6.70	6.75-6.45 pm	6.15
Austria	29.27-29.52	29.35-29.40	15-11gro pm	5.31	37-28 pm	4.42
Switz.	3.53½-3.58½	3.55-3.56	3⅛-2⅞c pm	10.55	8¾-8¼ pm	9.56

Belgian rate is for convertible francs. Financial franc 86.65-86.75. Six-month forward dollar 1.12-1.22c dis, 12-month 1.88-2.03c dis.

THE DOLLAR SPOT AND FORWARD

May 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7930-1.8120	1.7960-1.7970	0.21-0.31c dis	−1.74	0.60-0.70dis	−1.45
Ireland†	1.4945-1.5000	1.4945-1.4960	0.67-0.57c pm	4.96	1.90-1.75 pm	4.86
Canada	1.2350-1.2380	1.2355-1.2370	0.12-0.15c dis	−1.31	0.31-0.35dis	−1.07
Nethlnd.	2.5700-2.5775	2.5700-2.5750	1.37-1.27c pm	6.15	3.73-3.63 pm	5.72
Belgium	43.70-43.83	43.81-43.83	4-7c dis	−1.50	14-18 dis	−1.46
Denmark	7.8640-7.8790	7.8740-7.8790	3-3½ore dis	−4.76	7½-8 dis	−3.94
W. Ger.	2.3075-2.3225	2.3200-2.3210	1.24-1.19pf pm	6.28	3.46-3.41 pm	5.92
Portugal	70.00-70.90	70.65-70.90	50-200c dis	−21.19	150-625dis	−21.19
Spain	102.90-103.30	103.15-103.25	15-23c dis	−2.21	75-85 dis	−3.10
Italy	1,283-1,287½	1,285½-1,287½	9-10 lire dis	−8.86	28¼-29¾dis	−9.02
Norway	5.9800-5.9840	5.9810-5.9840	1.50-1.90ore dis	−3.41	2.70-3.10dis	−1.94
France	6.0150-6.0650	6.0525-6.0575	8¼-9¼c dis	−16.9	17-18½ dis	−11.76
Sweden	5.7905-5.8100	5.8000-5.8100	1.20-1.95ore pm	2.32	2.60-2.45 pm	1.74
Japan	237.35-239.25	239.05-239.15	1.70-1.60y pm	8.28	4.55-4.45 pm	7.52
Austria	16.25½-16.31¾	16.25½-16.26½	10½-9gro pm	8.00	25¾-22¼ pm	5.88
Switz.	1.9675-1.9830	1.9775-1.9785	2.04-1.94c pm	12.07	5.42-5.32 pm	10.85

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

May 19	Bank of England Index	Morgan Guaranty Changes%
Sterling	89.6	−33.6
U.S. dollar	113.4	+6.6
Canadian dollar	86.8	−18.9
Austrian schilling	118.7	+26.6
Belgian franc	95.8	−1.2
Danish kroner	84.9	−12.4
Deutsche mark	125.3	+48.5
Swiss franc	146.4	+95.5
Guilder	115.5	+22.0
French franc	79.8	−14.7
Lira	54.3	−58.2
Yen	137.1	+31.4

Based on trade weighted changes from Washington agreement December, 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

May 19	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.628861	0.571946
U.S. $	12	1.13195	1.02836
Canadian $	15.41	—*	1.27270
Austria Sch.	6½	18.4678	16.7931
Belgian F.	14	49.5515	45.0216
Danish Kr.	11	8.91128	8.09319
D mark	7½	2.62148	2.38250
Guilder	8	2.91534	2.64957
French Fr.	9½	N/A	6.21283
Lira	19	1455.40	1322.21
Yen	5½	268.725	245.027
Norwgn. Kr.	9	6.77415	6.15216
Spanish Pts.	8	116.869	106.127
Swedish Kr.	10	6.56531	5.97271
Swiss Fr.	5½	2.23843	2.03615
Greek Dr'ch.	20½	71.6751	65.1157

* C$/SDR rate for May 18: 1.40256

OTHER CURRENCIES

May 19	£	$		£ Note Rates
Argentina Peso	25.585-25.625†	14.000-14.250†	Austria	29.25-29.55
Australia Dollar	1.7020-1.7040	0.9475-0.9480	Belgium	86.25-87.25
Brazil Cruzeiro	288.72-289.72	160.28-161.08	Denmark	14.10-14.24
Finland Markka	8.099-8.117	4.5150-4.5170	France	10.82-10.92
Greek Drachma	112.248-115.684	63.00-63.30	Germany	4.15-4.19
Hong Kong Dollar	10.277-10.29	5.7190-5.7230	Italy	2285-2315
Iran Rial	146.60*	81.35*	Japan	430-435
Kuwait Dinar (KD)	0.5140-0.5150	0.2858-0.2860	Netherlands	4.61½-4.65½
Luxembourg Fr.	78.70-78.80	43.81-43.85	Norway	10.73-10.83
Malaysia Dollar	4.115-4.125	2.2900-2.2920	Portugal	124½-130
New Zealand Dlr.	2.3580-2.3420	1.3015-1.3055	Spain	179-188½
Saudi Arab. Riyal	6.170-6.177	3.4310-3.4330	Sweden	10.42-10.52
Singapore Dollar	3.7475-3.7575	2.0850-2.0870	Switzerland	3.54¼-3.58¼
Sth. African Rand	1.9295-1.9315	1.0740-1.0750	United States	1.79-1.80
U.A.E. Dirham	6.5995-6.6105	3.6715-3.6735	Yugoslavia	90½-98

† Now one rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 19	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.6963	45.0216	+0.73	+1.05	±1.5440
Danish Krone	8.18382	8.09319	−1.11	−0.79	±1.6428
German D-Mark	2.41815	2.38250	−1.47	−1.15	±1.1097
French Franc	6.19564	6.21283	+0.28	+0.60	±1.3743
Dutch Guilder	2.67296	2.64957	−0.88	−0.56	±1.5069
Irish Punt	0.686799	0.687856	+0.16	+0.48	±1.6689
Italian Lira	1305.13	1322.21	+1.31	+1.31	±4.1242

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

For Sterling/ECU rate see CURRENCY RATES table.

EXCHANGE CROSS RATES

May 19	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canadia Dollar	Belgian Franc
Pound Sterling	1	1.797	4.170	429.5	10.875	3.555	4.635	2312.	2.222	78.75
U.S. Dollar	0.557	1.	2.321	239.1	6.053	1.979	2.580	1287.	1.237	43.84
Deutshemark	0.240	0.431	1.	103.0	2.608	0.853	1.112	554.4	0.533	18.88
Japanese Yen 1,000	2.326	4.183	9.709	1000.	25.32	8.277	10.79	5383.	5.172	183.4
French Franc 10	0.920	1.652	3.834	394.9	10.	3.269	4.262	2126.	2.043	72.41
Swiss Franc	0.281	0.505	1.173	120.8	3.059	1.	1.304	650.4	0.625	22.15
Dutch Guilder	0.216	0.388	0.900	92.66	2.346	0.767	1.	498.8	0.479	16.99
Italian Lira 1,000	0.433	0.777	1.804	185.8	4.704	1.538	2.005	1000.	0.961	34.06
Canadian Dollar	0.450	0.809	1.877	193.3	4.895	1.600	2.086	1041.	1.	35.45
Belgian Franc 100	1.270	2.281	5.295	545.4	13.81	4.514	5.886	2936.	2.821	100.

FT LONDON INTERBANK FIXING (11.00 a.m. MAY 19)

3 months U.S. dollars		6 months U.S. dollars	
bid 14 11/16	offer 14 15/16	bid 14 5/8	offer 14 3/4

The fixing rates are the arithmetical means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

May 19	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	13¼-13½	15-15⅛	15¾-16¾	8⅞-9	1¾-2¼	8⅜-8½	30-40	18½-20½	14-17½	14½-15¼	6¾-7	20-20⅝
7 days' notice	13⅜-13⅝	15-15⅛	15¾-16¾	8⅞-9	5-5½	8⅜-8¾	35-45	20⅝-22½	15-18	14⅞-15⅛	6⅞-7	21⅛-21½
Month	[illegible]	[illegible]	16-16⅝	[illegible]	3¼-3⅜	[illegible]	32-34	23-24	16-17½	14¼-14⅞	[illegible]	20½-20⅞
Three months	[illegible]	[illegible]	15½-15⅞	[illegible]	3¾-3⅞	[illegible]	26-28	23¼-23⅞	15¾-16¾	14¾-14⅞	[illegible]	20½-20⅞
Six months	[illegible]	[illegible]	16½-15⅞	[illegible]	[illegible]	8⅝-8¾	23½-24½	23½-24⅛	16-16½	14⅝-14¾	[illegible]	19-19⅝
One Year	[illegible]	14⅝-14⅝	15½-15⅞	8¾-8⅞	4⅜-4⅞	8⅜-8½	20½-21½	23¼-24	15½-16	[illegible]	[illegible]	17¾-18⅛

SDR linked deposits: one month 14¼-14⅝ per cent; three months 13 9/16-13 13/16 per cent; six months 13 9/16-13 13/16 per cent; one year 12⅞-13¼ per cent.
ECU linked deposits: one month 15 9/16-15 15/16 per cent; three months 14⅝-15 per cent; six months 13 15/16-14 5/16 per cent; one year 13 7/16-13 13/16 per cent.
Asian $ (closing rates in Singapore): one month 14⅞-15 per cent; three months 14⅝-14¾ per cent; six months 14⅝-14¾ per cent; one year 14⅝-14⅞ per cent. Long-term Eurodollar two years 14¾-15 per cent; three years 14⅞-15⅛ per cent; four years 15-15¼ per cent; five years 15⅛-15⅜ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.
The following rates were quoted for London dollar certificates of deposit: one month 14.55-14.65 per cent; three months 14.40-14.50 per cent; six months 14.30-14.40 per cent; one year 14.10-14.20 per cent.

MONEY MARKETS

Further rise in London rates

UK clearing bank base lending rate 13 per cent (since March 12)

Short-term interest rates remained firm in London yesterday, as market nerves increased about the Falkland Islands crisis, and Britain's row with its EEC partners over farm prices. As sterling weakened in foreign exchange trading, London interest rates rose by about ⅛ per cent, and the Bank of England moved to dispel market fears by taking out the full money market shortage before lunch.

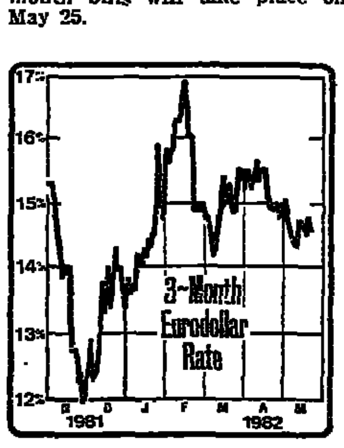
Day-to-day credit was in short supply by about £350m, according to the morning forecast from the Bank of England. Major facors were: bills maturing in official hands and a net market take-up of Treasury bills −£437m, coupled with a rise in the note circulation −£50m. These outweighed Exchequer transactions +£50m.

All the assistance to the market was provided in the morning, when the Bank of England bought £369m of bills from the market.

This was by way of £8m bank bills in band 1 (up to 14 days maturity) at 13⅛ per cent, £53m bank bills in band 2 (15-33 days) at 13 per cent; £122m bank bills in band 3 (34-63 days) at 12⅞ per cent: £19m Treasury bills in band 4 (64-91 days) at 12⅞ per cent; £12m local authority bills in band 4 at 12⅞ per cent; and £155m bank bills in band 4 (64-84 days) at 12⅞ per cent.

In New York the Federal Reserve Bank added reserves to the banking system by overnight repurchase agreements, when Federal funds were trading at 15⅜ per cent. This was seen as a steadying move following the collapse of Drysdale Government Securities on Tuesday. Interest rates were firm on weekly make-up day for the banks, with overnight funds trading at 14⅞-15⅛ per cent during the morning.

In Paris the Bank of France offered to inject money market liquidity through purchases of first category paper for value May 25. The scale of help and interest rate will be announced on May 24. At yesterday's auction of three-month Treasury bills the yield rose to 16.414 per cent from 16.29 per cent at the previous auction on May 13. Bids totalled FFr 2.932bn, and the authorities allocated FFr 2.502bn. An auction of 18-month floating rate Treasury bills was also held, commanding an interest rate indexed to the monthly average call money rate, which is at present 16⅞ per cent. The central bank allocated FFr 2.015bn on bids of FFr 7.810bn. A further auction of three-month and six-month bills will take place on May 25.



EUROCURRENCIES

Eurodollars steady

Eurocurrency interest rates were steady in fairly quiet trading yesterday. Eurodollar rates showed little change, but sterling rates had a firmer trend, reducing the dollar's discount against the pound in the forward market. Euro D-mark rates moved by only 1/32 per cent, but the German currency had a slightly easier trend in the post spot market, while forward rates recorded a narrowing of the D-mark's forward premium against the dollar. Swiss franc forward premiums also fell although Euro Swiss franc rates continued the recent downward trend.

Elsewhere rates were fairly steady, reflecting the early closing of several European centres for the Ascension Day holiday.

Euro French franc rates were little changed, while the improvement of the dollar against the franc in spot trading, pushed the French franc slightly firmer in the forward market.

MONEY RATES

NEW YORK

Prime rate	16½
Fed. funds (lunch-time)	15¼-15½
Treasury bills (13-week)	12.04
Treasury bills (26-week)	12.12

GERMANY

Lombard	9.0
Overnight rate	8.95
One month	9.175
Three months	9.10
Six months	8.85

FRANCE

Intervention rate	16.0
Overnight rate	16.375
One month	16.1875
Three months	16.3125
Six months	16.5625

JAPAN

Discount rate	5.5
Call (unconditional)	7.15625
Bill discount (three-month)	7.15625

LONDON MONEY RATES

May 19 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	8-13¾	13½	—	—	12¾-13¾	6-13	—	—	—
2 days notice	—	—	13½-13⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	13⅝-13¾	13½	—	—	13¾-13⅞	13	—	—	—
One month	[illegible]	[illegible]	13½	14-13⅝	13½	13⅞	12⅞-13	[illegible]	[illegible]	13¾
Two months	[illegible]	[illegible]	—	[illegible]	13⅝	13⅞	12⅞-12⅞	[illegible]	12[illegible]	13⅝
Three months	[illegible]	[illegible]	13½	[illegible]	13⅝	13⅝	12½-12⅝	12[illegible]	12	13½
Six months	13½-13⅝	13½-13⅝	13½	13-12⅝	13⅝	—	—	—	12⅝	13
Nine months	[illegible]	13½-13⅝	—	13⅝-13⅝	13⅝	—	—	—	—	—
One year	[illegible]	13½-13⅝	13⅝	13½-13⅝	13⅝	—	—	—	—	—
Two years	—	—	13⅝	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates, nominally three days 14 per cent; four years 14 per cent; five years 14⅛ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12 13/16-12⅞ per cent; four months trade bills 13¼ per cent.

Approximate selling rates for one month Treasury bills 12 25/32 per cent; two months 12⅞ per cent; three months 12¾ per cent. Approximate selling rate for one month bank bills 13-13 1/32 per cent; two months 12⅞ per cent and three months 12¾ per cent; one month trade bills 13½ per cent; two months 13⅜ per cent; three months 13¼ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14 per cent from May 1 1982. London and Scottish Clearing Bank Rates for lending 13 per cent. London Clearing Bank Deposit Rates for sums at seven days' notice 10-10¼ per cent. Treasury Bills: Average tender rates of discount 12.5023 per cent.

Certificates of Tax Deposit (Series 5) 13¾ per cent from May 14. Deposits withdrawn for cash 11 per cent.

AUTHORISED TRUSTS

[illegible]

INSURANCES

Abbey Life Assurance Co. Ltd.
1-3 St. Paul's Churchyard, EC4. 01-248 9111

Property Fund	226.6	238.6	.....	—
Equity Fund	52.0	54.8	-0.3	—
Property Acc.	265.5	279.5	.....	—
Equity Acc.	49.7	52.4	-0.3	—
Selective Fund	148.7	156.6	-0.5	—
Money Fund	165.7	174.5	.....	—
Convertible Fund	177.8	187.2	.....	—
Prop. Fd. Ser. 4	209.3	220.4	.....	—
Equity Ser. 4	55.6	58.6	-0.3	—
Man. Ser. 4	199.1	209.6	-0.6	—
Money Ser. 4	150.3	158.3	.....	—
Conv. Ser. 4	150.5	158.5	.....	—
Fixed Int. Fd. Ser. 4	116.4	122.6	.....	—
American Ser. 4	111.6	117.5	-0.5	—
High Inc. Ser. 4	116.3	122.5	+0.7	—
Indexed Inv. Series 4	96.2	101.3	.....	—
Pension Property	315.9	332.6	.....	—
Pension Equity	287.0	302.2	.....	—
Pension Selective	149.8	157.7	-0.5	—
Pension Managed	294.1	309.6	.....	—
Pension Security	220.1	231.7	.....	—
Pension Fixed Int.	112.4	118.4	.....	—
Pension Indexed Inv.	96.3	101.4	.....	—

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

Equity Fd. Acc.	320.9	337.7	-2.7	—
Fixed Int. Acc.	194.3	204.4	-0.4	—
Gtd. Money Fd. Ac.	155.2	163.4	.....	—
Intl. Man. Fd. Acm.	148.5	156.3	.....	—
Intl. Fxd. Int. Fd.	108.6	114.3	+0.3	—
Prop. Fd. Acc.	158.6	166.9	.....	—
M'ple Inv. Acc.	252.0	265.2	-1.2	—
Equity Pen.Fd.Acc.	440.9	464.1	-4.4	—
Fixed I.Pen.Acc.	311.0	327.3	-0.8	—
G'td.Mon.Pen.Acc.	214.2	225.4	+0.1	—
Intl.Mn.Pn.Fd.Acc.	172.2	181.2	.....	—
Prop.Pen.Acc.	208.7	219.7	.....	—
M'ple Inv.Pen.Acc.	365.2	384.4	-2.1	—

AMEV Life Assurance Ltd.
2-6, Prince of Wales Rd., B'mouth. 0202 762122

Managed Fd.	199.4	210.1	.....	—
Money Fd.	142.6	150.1	.....	—
Equity Fd.	155.7	164.1	.....	—
Fixed Int. Fd.	94.8	99.9	.....	—

Crown Life—Continued

St. George Mangd. Fd.	109.4	115.1	.....	—
Lives & Gen.Fd.	119.8	126.1	.....	—
Sage Fd.	89.0	93.6	.....	—
Heritage Fd.	98.6	103.7	.....	—
DBS Managed	104.4	109.8	.....	—
Crown. Brit. Inv. A		217.2	.....	—
Pens. Mixed. Fd.	147.5	152.8	.....	—
Pens. Mang'd. Acc.	110.0	115.7	.....	—
Pens. Mang'd. Init.	106.5	112.1	.....	—
Pens. Equity Acc.	102.4	107.7	.....	—
Pens. Equity Init.	99.1	104.3	.....	—
Pens. Fxd. Int. Acc.	106.1	111.6	.....	—
Pens. Fxd. Int. Init.	102.7	108.1	.....	—
Pens. Money Acc.	107.4	113.0	.....	—
Pens. Money Init.	104.1	109.5	.....	—

Crusader Insurance PLC
Tower Hse, 38 Trinity Sq, EC3N4DJ 488 2323

Growth Prop May 4	100.1	110.1xd	.....	—
Managed Pens May 12	116.81	122.96	+4.86	—

Eagle Star Insur./Midland Assur.
1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	75.8	78.6	-1.1	6.23

Equity & Law Life Ass. Soc. Ltd.
Amersham Road, High Wycombe. 0494 33377

UK Equities Fund	184.6	194.3	-1.7	—
Higher Inc. Fund	117.8	124.0	-1.1	—
Property Fund	190.8	200.8	.....	—
Fixed Interest Fund	139.1	146.4	-0.7	—
Index Linked Secs Fnd.	93.1	97.9	.....	—
Gtd. Deposit Fund	134.6	141.6	.....	—
Nth. America Fund	107.5	113.1	-0.7	—
Far East Fund	91.0	95.7	+0.5	—
International Fund	101.9	107.2	-0.2	—
Mixed Fund	165.9	174.6	-0.8	—

Equity & Law (Managed Funds) Ltd.
Amersham Road, High Wycombe. 0494 33377

Ind. Pen. Equity	190.4	200.4	.....	—
Ind. Pen. Property	142.9	150.4	.....	—
Ind. Pen. Fixed Int.	136.0	143.1	.....	—
Ind. Pen. Indx Lk. Scs.	101.4	106.7	.....	—
Ind. Pen. Overseas	152.9	160.9	.....	—
Ind. Pen. Cash	134.2	141.2	.....	—
Ind. Pen. Balanced	152.9	160.9	.....	—
Ind. Pen. Dep. Admin.	134.0	141.0	.....	—

Prices at May 13. Next settlement June 10.

INSURANCE & OVERSEAS MANAGED FUNDS

OFFSHORE AND OVERSEAS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99 5/16	96⅝	Treasury 8¼pc '82	99 3/16	....	8.31	13.68
98⅝	95⅝	Exch. 9¼pc 1982	98½	−⅛	9.39	13.52
97½	94⅛	Exch. 8¾pc 1983	97⅛	−¼	9.00	13.55
94	91	Exch. 3pc 1983	93½	−¼	3.20	12.15
99½	95¼	Treasury 12pc 1983‡‡	98⅞	−¼	12.13	13.36
97⅝	92⅞	Treasury 9¾pc '83	97	−¼	9.53	12.07
101⅝	96⅞	Exch. 13½pc '83	100⅞xd	−¼	13.38	12.81
97½	91⅞	Exch. 10pc 1983	96⅞xd	−¼	10.32	12.28
93¾	87⅞	Funding 5½pc '82-84‡‡	92¼	−¼	5.96	10.70
97⅞	91⅞	Exch. 11¼pc 1984	96⅞	−½	11.61	13.25
102¼	95¼	Exchequer 14pc 1984	101¼xd	−½	13.85	13.27
87⅝	81⅛	Exch. 3pc 1984	87xd	−¼	3.44	10.09
96⅛	91½	Treasury 12pc 1984	97⅛	−½	12.35	13.39
104	96¼	Treasury 15pc 1985	102¾	−½	14.59	13.72
97½	89½	Exch. 12pc Cnv. '85	96⅜	−½	12.45	13.54
82¼	75½	Treasury 3pc 1985	81⅞xd	−⅜	3.66	10.16
95	87½	Treasury 11½pc 1985	94	−½	12.23	13.98
97	88⅝	Exch. 12¼pc 1985	96xd	−½	12.76	13.71
95	86⅛	Exch. 11¾pc '86	94⅛	−⅜	12.48	13.76
77½	69	Treasury 3pc 1986	76½xd	−¾	3.92	10.31
95½	86¾	Treasury 12pc '86	94⅝xd	−⅜	12.68	13.79
89⅛	80⅜	Treasury 8½pc '84-86‡‡	88	−½	9.65	12.28
101½	91⅞	Exch. 14pc 1986	100⅛	−½	13.98	13.95
103⅞	90	Exch. 13¼pc 1987	97½	−½	13.58	13.96
99⅞	84⅜	Do. A	97⅛	−½	13.64	14.07
82½	73⅞	Funding 6½pc '85-87‡‡	79¾	−½	8.15	12.05

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked & Variable Rate

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

LOANS—Continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

BANKS & H.P.—Cont.

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأصل

هكذا من الأصل

INDUSTRIALS—Continued

INSURANCE

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
120	75	Falcon Rh.50c	90	......	Q25c	10.3	20.7
33	20	Wankie Col. Z$1	23	......	Q3c	1.2	10.4
21	16	Zam.Cpr.SBD0.24	18	......	—	—	—

Australian

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
23	10	ACM 20c	18	......	—	—	—
7	2½	Argosy Gold NL 25c	3	......	—	—	—
151	62	Bond Corp.	68	+1	gQ10c	2.3	9.4
82	63	Bougainville ! Kina	77	−2	Q6½c	1.2	5.2
192	154	CRA 50c	188	......	Q5c	—	1.6
16	10	Carr Boyd 20c	13	......	—	—	—
56	22	Central Pacific	29	......	—	—	—
26	10	Cultus Pacific N.L.	14	......	—	—	—
27	14	Eagle Corp. 10c	20	......	—	—	—
23	14	Endeavour 20c	14½	−½	—	—	—
368	160	G. M. Kalgoorlie 25c	236	......	Q32½c	0.9	8.6
10	2½	Great Eastern	6	......	—	—	—
63	38	Greenbushes Tin 50c	42	......	Q6c	1.9	8.6
170	134	Hampton Areas 10p	156	−2	2.5	3.1	2.3
32	15	Haoma N.W.	16	......	—	—	—
22	9	Intl. Mining	15	......	—	—	—
30	10	Jimberlana (50cFP)	12	......	—	—	—
9½	2¼	Kalbara Min 20c	4	......	—	—	—
100	58	Kitchener NL 25c	60	......	—	—	—
14	9	Leichardt Expln.	13	......	—	—	—
190	92	Meekatharra 25c.	146	......	—	—	—
44	16	Metals Ex. 50c	26	−2	Q3c	1.7	6.9
28	11	Metramar Mins. 20cts	11	−1	—	—	—
10	4½	Mid East Mins. NL	7	......	—	—	—
202	145	M.I.M. Hldgs. 50c	183	−1	tQ5c	φ	1.6
57	10	Mincorp 20c	16	......	—	—	—
8	3	Minefields Expl. 25c	3	......	—	—	—
18	14	Newmetal 20c	17	......	—	—	—
30	8½	Nickelore N.L.	13½	......	—	—	—
160	110	North B. Hill 50c.	115	−1	‡Q18c	1.0	‡
84	15	Nth. Kalgurli	38	......	—	—	—
123	67	Oakbridge 50c	83	......	tQ6½c	1.9	4.7
90	35	Otter N. L.	35	......	—	—	—
98	34	Pacific Copper	54	......	—	—	—
150	92	Pancont'l 25c	98	−2	—	—	—
62	40	Paringa M&Ex.5p	40	......	♦—	—	—
352	252	Peko-Wallsend 50c.	268	......	‡Q15c	—	‡
31½	16½	Pelsart Res NL	19	−½	—	—	—
273	138	Renison 50c	154	......	Z05c	—	2.0
205	105	Do. Dfd.	135	......	—	—	—
56	34	Seltrust A	48	......	♦—	—	—
27	10	Southern Pacific	13	......	—	—	—
46	24	Swan Resources 20c.	43	......	—	—	—
65	35	Vultan Mins 20c	41	......	—	—	—
11	4	West Coast 25c	6	......	—	—	—
50	10	Westn. Cont 50c	30	......	—	—	—
247	200	Westn. Mining 50c.	218	−1	‡Q14c	1.6	‡
34	16	Whim Creek 20c	17	......	—	—	—
30	12	York Resources	15	......	—	—	—

Tins

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
11½	7	Amal Nigeria 1p	9	......	—	—	—
255	200	Ayer Hitam $M1	210	......	‡Q135c	0.7	‡
140	95	Geevor	95	......	—	—	—
12	10	Gold & Base 12½p	11	......	—	—	—
630	430	Gopeng Cons.	430	−10	17.0	1.2	5.6
525	330	Hongkong	450	−20	21.0	φ	6.7
155	155	Idris 10p	155#	......	φ‡9.0	0.8	‡
28	16	Jantar 12½p	16	......	‡1.5	4.0	13.4
130	80	Kamunting $M0.50	95	......	tQ27½c	0.8	6.9
426	366	Killinghall $M1	410	......	hQ60c	φ	3.5
98	60	Malaysia Mng. 10c	78	+2	Q25c	1.1	7.6
42	30	Pahang	33	+1	‡0.63	0.8	‡
450	280	Pengkalen 10p	305	+15	3.5	—	1.6
330	245	Petaling $M1	245	......	Q60c	φ	5.8
200	155	Sungei Besi $M1	185	......	‡Q310c	1.1	‡
110	75	Supreme Corp. $M1	75	......	gQ15½c	φ	5.0
110	100	Tanjong 15p	102	......	3.5	3.7	4.9
85	70	Tongkah H. Tin $M1	70	......	‡Q25%	1.3	‡
255	195	Tronoh $M1	212	......	Q50c	φ	‡

Copper

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
325	195	Messina R0.50	230	......	Q60c	5.2	14.4

Miscellaneous

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
40	20	Anglo-Dominion	22	......	—	—	—
16½	13	Burma Mines 10p	13	......	0.55	φ	6.0
130	55	Colby Res. Corp.	50	......	—	—	—
292	210	Cons. Murch. 10c.	225	......	Q60c	1.9	14.2
8	5	‡‡Exploura Gold	5	......	—	—	—
105	65	Highwood Res.	85	+5	—	—	—
255	165	Northgate C$1	200	+5	—	—	—
468	412	R.T.Z.	440	+10	16.0	2.1	5.3
£108½	£95½	Do. 3½% Cnv. Ln. 95-2000	£102	+1	Q3½%	30.0	f9.7
20	12	Sabina Inds. C$1	16	......	—	—	—
44	27	‡Southwest C. 10p	36	−1	—	—	—
500	270	Tara Expln. $1	335	+10	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- φ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ß No par value
- §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	40	......			
Bertrams	17	......	Conv. 9% '80/82	£96⅞	......
Bdg'wtr. Est. 50p	412	......	Nat. 9¾% 84/89	£70⅝	−⅛
Craig & Rose £1	£12¼	......	Fin. 13% 97/02	£74	......
Finlay Pkg. 5p	28	......	Alliance Gas	72	......
Graig Ship. £1	£26	......	Arnott	200xd	−4½
Higsons Brew	82	......	Carroll (P.J.)	74	......
Holt (Jos) 25p	615	+15	Concrete Prods.	90	......
I.O.M. Stm. £1	120	......	Helton (Hldgs.)	19	......
Pearce (C. H.)	£10	......	Irish Ropes	36	+1
Peel Hldgs.	145	......	Jacob	67	......
Sheff. Refrshmt	72	......	T.M.G.	5	......
Sindall (Wm.)	205	......	Unidare	43	......

OPTIONS

3-month Call Rates

Industrials					
		House of Fraser	15	Utd. Drapery	7
Allied-Lyons	8	I.C.I.	24	Vickers	16
BOC Intl.	15	"Imps"	8	Woolworths	5
B.S.R.	8½	I.C.L.	5½		
Babcock	18	Ladbroke	25	**Property**	
Barclays Bank	42	Legal & Gen.	19	Brit. Land	7½
Beecham	21	Lex Service	10	Cap. Counties	10
Blue Circle	46	Lloyds Bank	42	Land Secs.	28
Boots	19	"Lofs"	6½	MEPC	20
Bowaters	24	London Brick	7	Peachey	14
Brit. Aerospace	17	Lucas Inds.	30	Samuel Props.	11
B.A.T.	38	"Mams"	12	Town & City	3½
Brown (J.)	7	Mrks. & Spncr	12		
Burton Ord.	15	Midland Bank	30	**Oils**	
Cadburys	9	N.E.I.	9	Brit. Petroleum	26
Courtaulds	8	Nat. West. Bank	38	Burmah Oil	10
Debenhams	7	P & O Dfd.	14	Charterhall	6
Distillers	15	Plessey	32	KCA	14
Dunlop	6½	Racal Elect.	35	Premier	6
Eagle Star	31	R.H.M.	6½	Shell	30
F.N.F.C.	4	Rank Org. Ord.	20	Tricentrol	22
Gen. Accident	28	Reed Intnl.	26	Ultramar	38
Gen. Electric	63	Sears	6		
Glaxo	42	Tesco	5½	**Mines**	
Grand Met.	17	Thorn EMI	42		
G.U.S. 'A'	45	Trust Houses	11	Charter Cons.	25
Guardian	25	Tube Invest.	13	Cons. Gold	45
G.K.N.	15	Turner & Newall	12	Lonrho	7
Hawker Sidd	30	Unilever	55	Rio T. Zinc	42

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 39

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Thursday May 20 1982

Chase to pay $135m Drysdale debt

BY DAVID LASCELLES IN NEW YORK

CHASE MANHATTAN Bank, which has become entangled in the financial difficulties of Drysdale Government Securities, the securities firm whose failure to make a large interest payment sent shockwaves through Wall Street on Tuesday, is to pay out interest owed by Drysdale. The move, announced yesterday, will bring the bank an after-tax loss of $135m (£75m).

This marks a sharp reversal of Chase's earlier refusal to accept any responsibility for Drysdale's enormous debts — a stand that had provoked the anger of dozens of Drysdale creditors, and triggered fears of a possible chain of defaults.

The Federal Reserve Board, which had been monitoring developments carefully, said it "welcomed" Chase's announcement. The Fed is believed to have encouraged Chase to switch its position because of the anxiety in the markets.

But while the news brought considerable relief, the sum involved greatly exceeded Wall Street's expectations and graphically illustrated the dimensions of the Drysdale affair, which burst on Wall Street with painful suddenness on Tuesday morning. At least two other banks, Manufacturers Hanover Trust and U.S. Trust Co., are involved as well, though their exposure is a lot smaller than Chase's.

Chase said the $135m would be charged against this quarter's earnings, though there is a chance that some of the money will be recovered. Even so, the figure exceeded the $116m (£64m) that Chase earned in the first quarter of this year and is equivalent to 5 per cent of Chase's total stockholders' equity. Chase stock, which fell 3½ points on Tuesday, dropped another 2 to 46¾ yesterday.

Drysdale was a new but extremely aggresive government bond dealer that gambled heavily on a rise in U.S. interest rates which never came. However, it borrowed several billion dollars' worth of securities to make its trades and was then unable to make interest payments to the securities' owners.

The banks were involved because they processed the securities, and it is conventional on Wall Street for banks to act as principals in many such transactions. But when Drysdale informed Chase on Monday night that it could not make a $160m (£89m) interest payment, Chase claimed it was acting only as agent and was not liable for Drysdale's debts. A storm of protest ensued, with large Wall Street firms like Merrill Lynch and Goldman Sachs accusing Chase of failing to honour its obligations.

Chase's position looked increasingly uncomfortable after Manufacturers Hanover said it would pay out $29m (£16m) in interest due on securities that it had processed for Drysdale. So did U.S. Trust.

In its announcement yesterday, Chase said that as well as paying interest it would take on Drysdale's securities positions and sell them. It appeared that Chase was essentially assuming the task of liquidating most of Drysdale's assets in the hopes of recovering some of its losses that way.

The exact fate of Drysdale remained unknown.

Although the full ramifications of the Drysdale affair have yet to emerge, it has already raised questions about trading practices in the U.S. Government bond market and the apparent ease with which small firms can build up immense positions with the help of large banks. The affair is also a major setback for Chase, whic his striving, under its new chairman Mr Willard Butcher, to sharpen its sleepy reputation and build up its corporate services business.

Bombardier wins $1.4bn New York Metro deal

By David Lascelles in New York

NEW YORK'S Metropolitan Transit Authority has awarded to Bombardier of Canada the second and larger stage of its controversial $1.4bn (£779m) contract to supply carriages for the city's underground system.

The first stage went to Kawasaki Heavy Industries of Japan, sparking a row amid claims that local U.S. manufacturers had not been considered for the deal.

The Bombardier deal is for 825 carriages costing about $665m. The Montreal-based company won the contract largely because of cheap, government-backed export financing. It also offered to procure parts and do some assembly work in the U.S.

The Canadian Government's Export Development Corporation is financing all but $100m of the contract at 9.7 per cent, several percentage points below the current market rate. Repayment will be in 20 half-yearly instalments, starting six months after the last delivery in 1987.

Cheap finance also helped clinch the Kawasaki contract, awarded last March, which was worth $275m and covered 325 carriages. The Japanese offered 9 per cent financing though they also charged a "yen exchange-risk fee" which raised the effective cost to 12.25 per cent.

The Kawasaki deal provoked a political row. Labour unions unsuccessfully tried to block it in court on the grounds the New York authority had failed to consider local manufacturers and to hold enough public hearings.

In the preliminaries to the negotiations on the second stage a government official contacted the authority from Washington to "remind" it that U.S. law allowed domestic manufacturers to seek damages in some cases when public-woks contracts were awarded to foreign enterprises.

Only one U.S. manufacturer was competing for the contract, the Budd Company of Michigan, which, ironically, is owned by Thyssen of West Germany. Budd is understood to be considering legal action because it believed the bidding system unfair.

Budd's chances of winning the contract were affected when it was disclosed that wheel-assemblies for its carriages might be supplied by Argentina, though Budd said there were alternatives. The third bidder was Francorail of France.

The underground carriage deals are part of a $7bn five-year investment programme

Hyster's £53m Dublin deal a setback to N. Ireland

BY BRENDAN KEENAN IN DUBLIN AND OUR BELFAST CORRESPONDENT

HYSTER, the U.S. forklift truck manufacturer, is to build an I£65m (£53m) automated materials-handling plant outside Dublin. The decision is a major blow to Northern Ireland, where hopes had been high of securing the investment. Hyster already has a forklift truck manufacturing plant 30 miles from Belfast.

According to the Irish Industrial Development Authority, the project, which is expected eventually to create 1,000 jobs, will represent the largest single overseas investment the Republic has seen.

Both the Northern Ireland Department of Commerce and the Irish Government had offered Hyster investment incentive packages to settle in their respective territories.

Mr James Prior, the Northern Ireland Secretary, said in Belfast yesterday that Hyster's decision was "a major disappointment."

Officials in Belfast said Antrim in Northern Ireland had been the favoured site for the project. They suspected that next Tuesday's by-election in Dublin West persuaded the Irish Government to make an exceptional offer of aid to Hyster.

But Mr Albert Reynolds, the Irish Industry Minister, said the Dublin Government had not budged from an offer made to Hyster executives some weeks ago.

Hyster executives are understood to have studied sites in Dublin in early April, before the election was called. The plant would be in the Dublin West constituency.

In Belfast, it is believed that Mr Charles Haughey, the Irish Prime Minister, personally intervened with Mr William Kilkenny, the Hyster chairman, to bring the plant to Dublin.

The Fianna Fail Government needs to win the Dublin West by-election to give it a working majority in the Dail.

Mr Kilkenny said the Republic's package, including tax incentives, was just ahead of that of Northern Ireland. The political situation in Northern Ireland had not entered the decision, he added.

Hyster already has a fork-lift truck plant at Craigavon, near Belfast, and has said it is extremely pleased with its experience there.

The Northern Ireland Department of Commerce was anxious to see the plant set up in Antrim to offset in part 2,000 job losses caused by the closure of British Enkalon's fibres plant.

"It is a very considerable setback for us. We thought we had put together as good a proposition for Hyster as was possible," Mr Prior said.

It was disclosed yesterday that Mr Adam Butler, Minister of State responsible for industry in Northern Ireland, has been to the U.S. in the last fortnight in an effort to persuade Hyster to go to Antrim.

Cut-price imports from Republic threaten Ulster car trade

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

A FLOOD of unofficial cut-price car imports from the Republic of Ireland is threatening to devastate the motor trade in Northern Ireland.

Cars from the Republic are being sold at about 17 per cent below list price in the north, which is roughly the price Northern Ireland dealers have to pay for them.

In the first three months of this year, of the 15,045 new cars registered in Northern Ireland, 2,125 or just over 14 per cent, originated in the Republic.

But recently the pace of imports has hotted up and an estimated 400 cars a week have been pouring across the border.

Northern Ireland dealers have been left with large stocks of unsold new cars and the prices of one- and two-year-old used vehicles have slumped in the face of the low-cost imports.

"It is not overstating the case to say that many dealers in Northern Ireland face bankruptcy," said Mr Peter Thompson, the Northern Ireland delegate to the Motor Traders' Association's national council, yesterday.

A number of factors have encouraged the unofficial import trade to Northern Ireland, the only part of the UK which has a land-based border with another EEC country.

- The Republic's government recently made it easier for traders to reclaim the vehicle sales tax — 50 per cent on cars up to two litres and 60 per cent on those above — and the VAT (18 per cent) when cars have been exported. This enables the unofficial importers to buy cars free of all taxes.
- There has been a severe downturn in demand for cars in the Republic. Sales fell by 10 per cent last year compared with 1980, encouraging traders to look for export business.
- Northern Ireland is the only part of the UK not to have type approval regulations (covering safety-related specifications of a car) which on the mainland provide a technical barrier to the mass import of cars by unofficial dealers. So the parallel importers in the Republic have been shipping transporter-loads of cars across the border.

The Motor Agents Association, with 310 members in Northern Ireland, claims that 1,000 of the 6,000 jobs in the dealer networks there are at stake. It has written to Mr Adam Butler, Northern Ireland Minister, drawing his attention to the situation.

The MAA suggests that some of the cars assembled in the Republic do not meet the UK "construction and use" regulations, which also cover vehicle safety, and are therefore not legally allowed on UK roads. It wants this situation more closely monitored.

It has also urged the Government to extend the type approval scheme to Northern Ireland. This would help stem the bulk imports but would not prevent individuals going to the Republic to buy their cars.

The car manufacturers are limited in what they can do to prevent their dealer networks in Northern Ireland being decimated. But Ford, BL and VW have introduced short-term financial aid schemes enabling their dealers to reduce prices, while Renault dealers have the benefit of a UK-wide incentive scheme which started this month.

New Arab stake in Grindlays

By Paul Taylor

A recently-formed Bahrain bank backed by Bahraini and Kuwaiti businessmen emerged yesterday as the mystery purchaser of an 11 per cent stake in Grindlays Holdings, the company which hold 51 per cent of Grindlays Bank, the British oversea bank. The rest of Grindlays Bank is held by Citibank of the U.S.

The sale of the 11 per cent in Grindlays Holdings, which is 41 per cent owned by Lloyds Bank, was first reported earlier this week.

The Bahrain and Middle East Bank was set up in 1981 by prominent Gulf financiers and is understood to have paid about £10.3m, roughtly £2m over prevailing stock market prices, for the 3.77m ordinary shares in Grindlays Holdings previously held by Mass Development, another Bahraini financial company owned by Mussad al Saleh, a Kuwaiti.

The bank was registered orginally as a closed company and granted investment banking and offshore banking licences by the Bahrain Monetary Authority last year.

It is a 54 per cent-owned subsidiary of Gulf Financial Centre, a mainly Kuwaiti-owned investment company registered in Sharjah in 1979, whose chairman is Mr Yousuf al Muzaini, a Kuwaiti.

The Bahrain bank made a public share issue of 35m $1 shares in the Gulf last month. It was 600 times subscribed, a high rate even by local standards. The shares, half-paid, raised the bank's paid-up share capital to $100m.

It held its first shareholders' meeting on Saturday. Mr Abdulrahman al Ateeqi was elected chairman. He is a former Kuwait Finance Minister and adviser to the Emir of Kuwait.

Weather

UK TODAY

TEMPERATURES near normal. Rain at first, slowly clearing.

London, S.E., S.W., Central England, Midlands, Channel Islands, S. Wales.

Cloudy with drizzle becoming dry and sunny in places. Max. 17C (63F).

N. Wales, N.W., N.E. England, Lake District, Isle of Man, Borland, N. Ireland.... .... ders, Scotland, Orkney, Shetland, N. Ireland.

Rain at first, sunny periods and showers later. Max. 14C (57F).

Outlook: Mainly dry at first. Rain spreading to the North and West. Warm.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	21	70	L. Ang.†		—	—
Algiers	S	22	72	Luxmbg.	F	18	64
Amsdm.	S	24	75	Luxor	S	35	95
Athens	S	24	75	Madrid	S	24	75
Bahrain	S	33	91	Majorca	S	23	73
Barclna.	R	9	48	Malaga	S	22	72
Beirut	S	22	72	Malta	S	24	75
Belfast	F	13	55	Mchstr.	F	15	59
Belgrd.	S	27	81	Melbne	F	14	57
Berlin	F	18	64	Mx. C.†		—	—
Biarritz	S	20	68	Miami†	C	24	75
Bmghm	F	14	57	Milan	S	25	77
Blackpl	S	14	57	Montr'l†	S	14	57
Bordx	F	20	68	Moscow	C	17	63
Boulgn	C	14	57	Munich	F	19	66
Bristol	F	15	59	Nairobi	C	23	73
Brussels	F	18	64	Naples	S	22	72
Budpst.	S	27	81	Nassau		—	—
Cairo	F	24	75	Nwcstl	F	17	63
Cardiff	C	13	55	N York†		—	—
Casbca.	S	20	68	Nice	S	21	70
Cape T.		—	—	Nicosia	S	21	70
Chicg†	S	16	61	Oporto	S	18	64
Cologne	S	19	66	Oslo	R	6	43
Cpnhgn.	R	9	48	Paris	C	19	66
Corfu	S	24	75	Perth	S	18	64
Denver†	S	12	54	Prague	S	22	72
Dublin	C	13	55	Rykjvk	F	12	54
Dbrvnk.	S	21	70	Rhodes	S	21	70
Ednbgh.	C	15	59	Rio J'o†		—	—
Faro	S	21	70	Rome	S	25	77
Florence	S	26	79	Salzb'rg	F	19	66
Frankft	S	20	68	S'cisco†		—	—
Funchal	S	23	73	S. M'ritz		—	—
Geneva	S	23	73	Singapr.	C	28	82
Gibrltr	S	21	70	S'tiago†		—	—
Glasg'w	F	15	59	Stckhm	S	10	50
G'nsey	C	13	55	Strasb'g	S	21	70
Helsinki	C	9	48	Sydney	F	25	77
H. Kong	S	31	88	Tangier	S	24	75
Innsbr'k	S	20	68	Tel Aviv	S	22	72
Invrnss.	F	14	57	Tenerife	S	23	73
I. o Man	F	12	54	Tokyo	C	22	72
Istanbul	F	16	61	Tor'nto†	C	14	57
Jersey	C	16	61	Tunis	S	25	77
Jo'burg	S	19	66	Valencia	S	23	73
L. Plms	S	22	72	Venice	S	23	73
Lisbon	S	22	72	Vienna	S	24	75
Locarno		—	—	Warsaw	F	23	73
London	F	17	63	Zurich	F	19	66

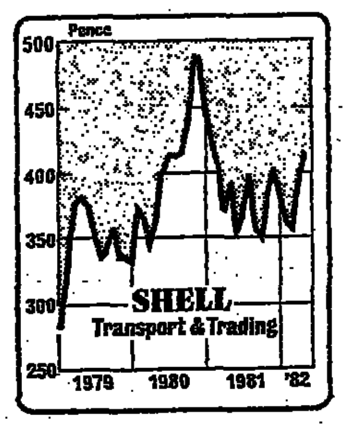
C—Cloudy F—Fair R—Rain, S—Sunny
† Noon GMT temperatures.

THE LEX COLUMN

Few chinks in the Shell armour

Sterling was under some pressure yesterday, and the stock market was once again highly sensitive to political and military risk, measured by nearly a point off gilt-edged and 10.5 points off the FT 30-Share Index, which has fallen 4.9 per cent in three days. In New York, meanwhile, Chase Manhattan has agreed to pay its customers the coupons due to them from the defaulting Drysdale. This will set the Chase back $135m, going on for 5 per cent of net worth, and roughly equivalent to the sum painstakingly raised in ingenious bond issues last month.

Index fell 10.5 to 561.9



Royal Dutch/Shell

Elimination of the Aramco partners' cost advantage is enabling Royal Dutch/Shell to demonstrate more clearly the resilience of its downstream operations. First quarter net income has fallen from £459m to £414m on a reported basis but, after adjusting for stock items, underlying earnings are up 56 per cent to £459m. Shell is now using the more sensible FAS 52 currency standard, considerably reducing exchange rate distortions.

To compare these figures with the miserable first quarter reported by the Aramco partners is hardly fair, since Shell was passing through the trough of its earnings cycle this time last year. But, even in the latest period, it has not been short of problems. European gas sales were disappointing, given the severity of the weather, and product prices were falling.

Downstream operations outside North America have moved from a LIFO loss of £49m to a profit of £25m, but Shell was probably not making much money if natural gas marketing is excluded. Upstream, however, Shell has been able to capitalise on its relatively low cost base—Shell Oil earnings have hardly fallen even in dollar terms — and long term volume growth.

Loss elimination in chemicals is proving a long haul but the leakage, £15m after stock adjustments, is easily containable for a group which increased its net liquid funds after spending £903m on capital account in the first quarter.

The operational gearing effect of an upturn in chemical and petroleum product prices may not be as dramatic for Shell as it could be for BP. But Shell has proved how defensive it is at the bottom of the crude price cycle and last night's price of 414p, producing a historic yield of 7.1 per cent, may not fully reflect the potential for improvement.

British Sugar

Few UK companies are more interested in the progress of EEC food price negotiations than British Sugar, except perhaps its predatory 40 per cent shareholder S & W Berisford. The heaving and creaking of the Common Agricultural Policy must make any long-term investor in British Sugar wonder whether the EEC-sponsored monopoly that the company has so skilfully exploited will last for ever. Not only do CAP strains increase every year, but EEC sugar prices are now roughly three times free market levels.

British Sugar shares slipped 5p yesterday to 450p, 60p below their year's high. Berisford may now feel that a bid would be too expensive, but a further fall in the share price could change things very quickly.

CGT Indexation

The City's vision of an ideal world probably makes no provision for the levying of a Capital Gains Tax. A second-best might allow the tax to exist, but apply it only to real, non-inflationary, capital gains (appropriately diminished by off-setting the inflation-induced losses).

Of course, the indexation of CGT actually proposed by the Revenue in the Finance Bill follows a rather different conception: the object of indexation is to improve the fairness of this tax, but only as much as can be afforded. The yield must not drop too far.

It is therefore not too surprising that the City has expressed dissatisfaction with the proposals, in some cases preferring to abandon the principle of indexation altogether.

A number of genuine imperfections have now been explored by the Institute for Fiscal Studies. It appears, for instance, that the legislation contrives to give less efficient shelter to inflationary gains as the inflation rate rises. And the identigcation rules, by outlawing the bed and breakfast transaction, make it impossible to harvest exempt gains without switching between stocks (whether or not that would be desirable otherwise).

Full of anomalies and administratively expensive complications, the Finance Bill at least aims to create a less inequitable regime. It could even mark the emergence of a slightly less arthritic attitude among Revenue draftsmen. If it can be simplified, so much the better.

Woolworth

F. W. Woolworth Company of the U.S. has used its British subsidiary as a cash dispenser for many years now. Overdistribution by the UK company and the related lack of investment have caught up with the group, and the stream of dividends has begun to evaporate. Now parent company trouble-shooters are coming over in force: the number of U.S. directors in F. W. Woolworth plc is being doubled to four, one of whom not only breaks new ground by taking on executive responsibility, but is earmarked to become chairman and chief executive in less than a year. It is to be hoped he comes over well on television.

It looks very much as though Broadway has decided to hold on to its 52.6 per cent subsidiary in the Marylebone Road, which removes one tired old prop for the UK share price. But any sign of tough management—in particular a concentration on the principal business, rather than the DIY interests—will be well received in the City. Woolworth's American record does not suggest, however, that this should be taken for granted. At 44p the shares stand at roughly a fifth of current cost asset value — so far the only way of unlocking this treasure chest has been partial liquidation through property sales.

Continued from Page 1

Britain and EEC

extension of EEC trade sanctions against Argentina and the overriding of British views on EEC farm prices.

Ministers seem to be concerned that over-reaction may alienate Britain's partners when she urgently needs their understanding over the British budgetary problem and their support over the Falklands crisis.

In the longer term, they are worried about the effect confrontation could have on public support for membership of the Communitq

Support for EEC membership is lower in Britain than in any other member of the Ten.

A poll last winter showed that only 27 per cent of those questioned in Britain thought the EEC "a good thing," while 41 per cent considered it "a bad thing."

The Government had not expected France to join six other member-states in undermining the Luxembourg compromise, a device which France engineered and has often found useful.

Mrs Thatcher conceded in a BBC radio interview yesterday that she "did not think that they would do this." "No Head of Government warned me that they were going to do this in any way," she complained.

Mr Peter Walker, in his Commons statement and subsequent replies to questions, carefully avoided any indication of whether the Government would contemplate withholding payments to the EEC budget. This was a course which some MPs considered the only option.

The implications of Tuesday's farm prices defeat do not appear to have filtered through to the Commons, where pressure for withholding of payments was far lighter than might have been thought likely, given the 130 Labour signatures to an early-day motion demanding such action.

Indeed, many MPs were far more concerned with fisheries policy and food prices than with the budget issue, and Mr Walker, in concentrating as far as possible on the details of the price package concluded in Brussels, managed to deflect many of the more awkward questions.

Continued from Page 1

UN deadlock fear

noon. The Government also hopes to be able to publish papers setting out the details of the talks, Britain's negotiating position and to the extent to which it was met.

The mood among Ministers and ojcials in London was almost fatalistic and resigned both to the failure o fthe talks, and to the further use of force. One senior Minister said that the Cabinet was united in agreeing that there was now no alternative to intensification of military pressure.

But there is some evident apprehension about possible losses and a preference still for a step by step approach over a period.

The British Government is clearly trying to put forward the view that conflict is inevitable and that Argentina is to blame. Word in Whitehall is that Argentina has missed the boat in negotiations. The UK will try to ensure that international support for its case is maintained by arguing that Argentina itself wrote off the talks.

Mrs Thatcher also made it clear that Britain was willing to make concessions to reach agreement—such as involving the UN in an interim period. She pointed out that one possibility had been not sending the British governor back and letting a UN administrator take over instead in the hope of putting an end to fighting.

She stressed the importance of consulting the Islanders as part of the principle of self determination. There was no mention of paramountcy of the wishes of th Islanders as there was earlier in the negotiations. But, she said, if the Falkland Islanders said "look we want an arrangement with Argentina" and that was the wish of the Islanders, "we would have to consider that."

But she thought that "after they have had this terrible experience of invasion the last thing they will want to do is to have close association with the Argentines."

Mrs Thatcher also indicated that the previous arrangements, such as the regular air and sea service between the Islands and Argentina would be put at risk as a result of the crisis.